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NEWS SUMMARY

GENERAL

Police may charge Paisley

The Rev. Ian Paisley, leader of Ulster's Democratic Unionist Party, may be prosecuted for threatening to raise an organisation of loyalists prepared to kill. Page 3

A shot was fired at a police car carrying him through Republican East Belfast. Police said the shot missed the car and there was no evidence the gunman deliberately tried to shoot him. The outlawed Irish National Liberation Army claimed responsibility for the attack.

£1m gems raid

Armed raiders escaped with an estimated £1m-worth of jewellery from Cartier's London showroom. New Bond Street. Police believe the thieves missed an intended haul of £4m-worth, being returned to the premises.

Lloyd's List row

Lloyd's List failed to appear after management intervened over a report, on two brokers, insurance and a fraud squad inquiry, which the editor refused to remove. Page 3

'1,000 killed'

Up to 1,000 people may have been killed in fighting between two tribes around Bimbilla, north Ghana, in a rents dispute.

Brezhnev holiday

Soviet President Leonid Brezhnev flew to an undisclosed holiday destination.

Food warning

Recently-delivered large cans of sliced mushrooms from the Dutch company Schop, branded Kingsfood, Queensfood and Schop, may be a health risk, Health Department said.

Chris Lloyd wins

Chris Lloyd won the Wimbledon Ladies' Championship for the third time, beating Czech Hana Mandlikova 6—2, 6—2.

Test restricted

Bad light cut the second day's play in the second Test at Lord's with Australia 10 for nought in reply to England's 311.

Ambulance action

Ambulancemen's national union leaders agreed industrial action on pay should continue but should be decided by local branches. Over half London's service mounted a lightning strike. Page 4

Belvoir campaign

The National Union of Mineworkers launched a campaign to win Cabinet approval for development of the Belvoir coalfield. Page 4

Hash made

Two U.S. drug-smugglers, convicted of bringing 5.3 tonnes of hashish from Lebanon into the Canary Isles and fined U.S.$32m (£16.5m) in Spain's record trafficking case, have fled while free on bail awaiting trial on related charges.

Briefly . . .

Mersey dockers returned to work after their fifth one-day token strike.

York's rail museum received China's gift of a Lancashire-built steam locomotive exported to the Shanghai-Nanking line in 1935.

British Rail diesel locomotive will be named Henry Ford to mark two millionth Ford car handled by BR at Dagenham dock.

Soviet airbus Ilyushin 86 began a regular international service, between Moscow and East Berlin.

BUSINESS

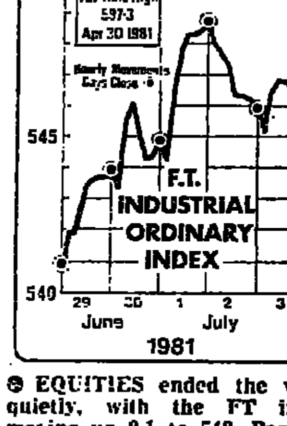
Sterling recovers some lost ground

● STERLING recovered a little lost ground, with a gain of 95 points against the dollar to $1.8935, and an improvement from 92.1 to 92.5 in its Bank of England trade-weighted index. It rose to DM 4.5725 (from 4.5475), to SwFr 3.9275 (3.9025), and to FFr 10.85 (10.8). Page 21

● DOLLAR, with trading limited ahead of Independance Day today, finished at DM 2.414, compared with Thursday's DM 2.4125. It edged up to SwFr 2.073 (from 2.0712.5) and to Y228.35 (226.75). Its trade weighting rose from 109.4 to 109.8. Page 21

● GOLD fell $0.5 in quiet London trading, to $414—a fall on the week of $30. Page 21

● WALL STREET: Closed. holiday.



● EQUITIES ended the week quietly, with the FT index moving up 2.1 to 548. Page 22

● GILTS, despite some marking-down of long-dated stock in reaction to the announcement of a second index-linked issue, remained at 65.51. Page 22

● REVENUE delayed by the Civil Service dispute rose to between £4bn and £4.5bn at the end of June, said Chancellor Sir Geoffrey Howe.

● MIDLAND BANK plans to phase out 2,000 head office jobs in the next four years—and the union ASTMS plans to resist the plans. Page 3

● TAKEOVER PANEL rejected a complaint by Glasgow publisher William Collins against a Pergamon-News International deal in its shares. Page 25

● GMWU workers at ICI have rejected a 7.7 per cent pay offer. Page 4

● CHINA revealed that its gold reserves were 12.8m oz (nearly 400 tonnes), worth about $5.3bn —higher than Western experts thought. Back Page

● FRENCH Government decided to help rescue the Boussac-Saint Freres textiles group, which is in receivership. Back Page

● JEAN-PIERRE BRULE, president of Cii Honeywell-Bull, France's No. 1 computer group, was voted out after refusing to resign. Back Page

● AUSTRALIA is launching its first Yen Eurobond, for Y15bn (£34.2m) next week.

● JAPAN has agreed to reschedule Polish debts of about $90m, in half-year instalments over four years from 1986.

● CANADA Development Corporation is raising a U.S.$1.75bn Eurocredit to finance acquisition of Elf-Aquitaine's assets in Canada. Page 19

● PORT PILOTS' strike at Antwerp reduced navigation to a trickle.

● TOWN AND CITY Properties' pre-tax losses in the year ended March 24 were £11m—a £3.4m improvement. Page 16; Lex, Back Page.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
A. B. Electronic	132	+ 5
Aitken Hume	253	+ 6
Avana	293	+ 5
BTR	342	+ 6
Bassett (George)	70	+ 6
Berkeley Hambro	286	+ 16
Burtonwood	343	+ 6
Commercial Union	177	+ 7
De La Rue	740	+ 28
Eagle Star	326	+ 9
Edbro	57	+ 8
European Ferries	85	+ 4½
Federated Land	123	+ 7
General Accident	344	+ 8
GEC	760	+ 17
Glaxo	358	+ 15
Hambro Life	404	+ 10
Haslemere Estates	416	+ 8
Jostock Johnsen	74	+ 4
International Paint	160	+ 7
Minet	137	+ 4
Pearl Assurance	426	+ 12
Stewart Plastics	152	+ 16
Town & City Props.	30	+ 2½
Driefontein	£11½	+ 1
Hartebeest	£24½	+ 1½
Western Deep	£18½	+ 1
Western Holdings	£25	+ 1
FALLS:		
Treasury 2pc I.L.	£96¾	− 1
Birmingham Pallet	53	− 5
Collins (Wm.) "A"	160	− 7
Ladbroke	161	− 4
Sumrie Clothes	52	− 6
BP "New"	36pm	− 6

Bank offers further £1bn index-linked gilts stocks

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER £1bn of index-linked gilt-edged stocks is being offered for sale next week by the Bank of England, following the success of the first issue in late March.

The offer is a major extension of the Government's move into issuing inflation-proofed debt to finance its borrowing needs.

These issues highlight the Government's interest in broadening the range of its funding to lessen its dependence on sales of conventional fixed-interest stocks.

The hope is that in time a change in balance will open up the market for issues of long-term bonds by British industry.

The latest gilt issue, like the previous one, is restricted to UK pension funds and similar schemes, largely to avoid a flood of overseas money.

One result may be that private-sector pension schemes will offer an element of inflation proofing to members.

The Government has also been offering inflation-proofed investments to private savers through the National Savings "granny bonds," where a large amount of money has been attracted following the lowering of the age of eligibility to 50 years.

The new stock, 2 per cent Treasury 2006, is along the same lines as the first index-linked issue in March, except that it has a life of 25 instead of 15 years.

This is both to provide a closer match with the likely liabilities of pension funds, and to be sufficiently different from the first issue.

As with the first stock, both principal and interest will be adjusted in line with the retail prices index.

The issue, foreshadowed in the Financial Times on Wednesday, had been expected by the market, though following the announcement the price of the existing 1996 issue fell by more than £1 because of concern over switching into the new stock.

One advantage of an index-linked stock is that it can be offered for sale when, as now, a conventional fixed-interest issue, would be difficult to sell.

This should allow the Government to extend the financing of its borrowing needs into the late summer. A total of £30 per £100 has to be subscribed with tenders next Wednesday, with a further £30 on August 14 and the balance on September 11.

There is likely to be a vigorous debate in the City about the right yield.

The key question is whether the expected real rate of return should be lower than on the existing 15-year stock.

Yields on conventional fixed-interest stocks drop slightly between 15 and 25 years.

The first issue was sold out at exactly £100 where the real rate of return was exactly 2 per cent.

The subsequent fall in price has increased the return though the decline and volatility of the price has been less than with conventional stocks.

In theory, however, the price of an indexed stock should rise rather than fall when inflation expectations worsen.

The only minor change in the prospectus compared with the first issue is that the new stock can be held in a nominee name on behalf of a pension fund.

Statutory declarations will be required by persons seeking registrations, to the effect that they are eligible holders or are acting on their behalf.

The prospectus on the first issue will be adjusted accordingly.

Legislation will be introduced in due course to reinforce, in the case of Government stocks issued subject to restrictions on ownership, the Bank of England's powers under the terms of the relevant prospectuses to monitor the ownership of such stock held in nominee names.

Editorial Comment, Page 14

Gromyko's Warsaw visit seen to signal approval

BY CHRISTOPHER BOBINSKI IN WARSAW

MR ANDREI GROMYKO, the Soviet Foreign Minister, arrived in Warsaw yesterday for two days of talks with Polish Communist Party leaders. The visit is being interpreted as signalling a measure of Soviet approval for the direction events in Poland are taking.

Mr Gromyko's visit, at the invitation of the Polish Communist Party, comes 11 days before the opening of the Party Congress. It marks the first official Soviet sign of recognition for Mr Stanislaw Kania, the Polish party leader, since a letter dated June 5 in which Mr Kania was criticised for his policy of "concesison and compromise."

The Soviet letter was followed policy of "concession and comhard liners in Poland to topple the party leaders.

On his arrival Mr Gromyko had talks with Mr Kania and the party leadership. He will also see Mr Josef Czyrek, the Polish Foreign Minister.

This morning Mr Gromyko is due to lay wreaths at the Tomb of the Unknown Soldier in the centre of the capital and at the Soviet war memorial.

The wreath laying is seen as significant because the Soviet and Eastern European media has recently been portraying Poland as a country where counter revolution, anarchy and chaos run rampant while anti-Soviet feeling is so strong that scarcely a Soviet war monument has escaped desecration.

Mr Miroslaw Milewski, Minister of the Interior told Parliament yesterday that those responsible for desecrating 10 war memorials had been apprehended. He denied that the incidents were the work of those out to besmirch the Solidarity trade union which has been accused by the Soviet media of inciting anti-Soviet feeling.

It is expected here that despite Mr Gromyko's visit the Soviet Union will keep up the war of nerves to ensure that delegates favouring reform should not win an outright victory at the forthcoming Party Congress. So far the Soviet campaign has led to a consolidation of the party leadership around Mr Kania but it has also strengthened the hand of the hard liners.

Poland's Parliament yesterday approved Cabinet changes including the amalgamation of eight Ministries into four and the formation of a separate Maritime Industry Ministry. Gen. Czeslaw Piotrowski, an army general once head of the army's technical research branch, has been appointed to head the new Mining and Energy Ministry.

An increase in raw materials and energy production is crucial to Poland's economic recovery and evidently Gen. Wojciech Jaruzelski, the Prime Minister, has decided to appoint a trusted colleague and fellow soldier to the post.

David Satter writes from Moscow: All Soviet army reservists in the strategic trans-Carpathian area near the Polish Border are being prepared for possible mobilisation.

Reservists are being called in for "instruction" from factories and collective farms and are told that a "necessity" has arisen in connection with the "complicated international situation."

Western military experts are, however, treating the reports with caution. They suggest that this may be contingency planning and does not mean that an invasion is planned.

New figures point to 3m jobless

BY PETER RIDDELL AND ERIC SHORT

TOTAL UNEMPLOYMENT in the UK may average nearly 3m during the 1981-82 financial year, according to new official assumptions which imply that National Insurance contributions may rise from next April.

The latest report from Mr Edward Johnston, the Government Actuary, indicates a substantial upward revision of the expected level of unemployment in the next 12 months.

This will almost certainly push the National Insurance fund into a substantial deficit in 1981-82, and make an increase in employee contribution rates highly probable from April 1982. This is equivalent to a rise in income tax.

The report, based on assumptions supplied by the Treasury, estimates that adult unemployment in Great Britain will average 2.6m in 1981-82 and that in addition the number of unemployed school-leavers, adult students and people whose employment has been temporarily stopped will average 240,000.

Adding on 120,000 for Northern Ireland, this implies a "headline" overall total of 2.96m in 1981-82, and a figure of over 3m by the coming winter, if not sooner.

This estimate compares with a previous implied UK figure of 2.82m in the March public spending White Paper.

The Government Actuary's report shows an expected deficit in the National Insurance fund of £619m for 1981-82, but if unemployment rises above the assumed level the deficit will soar. The report estimates that each additional 100,000 unemployed would increase the figure by £200m.

The fund operates on a pay-as-you-go principle with contributions fixed at the beginning of the financial year

The Government Actuary, calculated the current year's contribution rates in November 1980 assuming 2.3m unemployed, excluding school-leavers, in Great Britain against 2.6m now.

As a result, contribution rates were raised from this April. But even with this increase, the Government Actuary last autumn expected the fund only

Continued on Back Page

Burmah loses its claim on BP stake

By Raymond Hughes, Law Courts Correspondent

BURMAH OIL has lost its High Court claim for the return of the 20 per cent holding in BP it sold to the Bank of England in 1975 for £179m, and which is now valued at £1.2bn.

Mr Justice Walton yesterday dismissed, with costs, Burmah's claim to have the sale—part of the Bank's package of measures for rescuing the company—set aside.

Burmah argued that the Bank acted unconscionably—taking advantage of Burmah's weakness to get the shares at an unreasonably low price.

The judge said that there was the shortest of all possible answers to Burmah's claim: the unfashionable but still accurate Latin tag "pacta sunt servanda": bargains were made to be kept, save in exceptional circumstances not present in this case.

The bargain between Burmah and the Bank was one to which they must stick, said the judge.

He rejected all of Burmah's complaints against the Bank and said that the price of 230p a share for the BP shares, which had been fixed by the Government, had been fair in all the circumstances.

The judge expressed sympathy for Burmah's "unfortunate shareholders." They had every right to feel aggrieved, he said, but their real quarrel was not with the Bank.

If the Bank had not come to the rescue the company would have gone into liquidation and the shareholders would have got nothing.

"There may very well be targets against whom the shareholders should direct their wrath; the Bank is not one of them," the judge concluded.

Burmah indicated afterwards that it would consider an appeal.

Dealings in Burmah's shares on the Stock Exchange were suspended yesterday before the judgment but restored after the decision of the court was known.

There was no reaction. The shares were first quoted at 134p yesterday morning, down 1p on the overnight price and held the same level on their return after the suspension.

Details, Page 3

£ in New York

	July 2	Previous
Spot	$1.8935-8955	$1.8950-8980
1 month	1.12-1.19 pm	0.95-1.00 pm
3 months	2.65-2.75 pm	2.65-2.75 pm
12 months	5.90-6.10 pm	6.00-6.20 pm

Gulf set to end petrochemicals output in Europe

BY SUE CAMERON AND OUR FOREIGN STAFF

GULF OIL plans to pull out of petrochemicals production in Europe. As a first step it is cancelling a proposed $200m chemical project at Rotterdam.

The U.S.-based company's decision to cancel its Rotterdam expansion comes only two weeks after Esso Chemical revealed it was thinking of abandoning its £360m petrochemicals project at Mossmorran in Fife.

Petrochemicals companies throughout Europe have been losing money heavily during the past year because of overcapacity, a consequent weakness in product prices and the sharp drop in demand caused by the recession.

Esso is concerned about the viability of a new petrochemicals plant in view of Europe's current overcapacity, and now Gulf has evidently decided that the money it planned to put into Rotterdam would be better spent on its oil or oil products business than in the more uncertain petrochemicals sector.

Gulf apparently believes that without the planned expansion at Rotterdam, its European petrochemicals business will no longer be competitive. The company is thought to be losing $10m a year on its chemical operation in Europe on an annual turnover of about $300m.

Its decision to pull out of petrochemicals manufacture in Europe could lead to the closure of its existing plants at Rotterdam and at Milford Haven in South Wales. This would mean the loss of more than 120 jobs at Rotterdam and about 50 in Wales. But these could be saved because Gulf is looking for a buyer for the plants.

Last night Gulf would neither confirm nor deny that its chemicals operations in Europe were "closing completely." It said it was reviewing its options on chemicals. These included the possible sale of its chemical plants. Gulf said the sale of its European chemicals business would not affect its oil refining and marketing operations.

It is understood that the group has completed a study of expansion possibilities on this side of the Atlantic. This recommended not only abandoning the Rotterdam project but also giving up European petrochemicals production altogether.

Gulf, one of the main chemicals producers in the U.S., is thought to be looking at stepping up imports into Europe from its American plants.

Gulf's existing plants in Europe include 330,000 tonnes of ethylene capacity. Ethylene is the "building block" of the petrochemical industry and is used to make a range of products from plastics to solvents. It also operates a 150,000 tonne propylene plant, a 215,000 tonne styrene plant and a 150,000 tonne cumene plant. Styrene and propylene are both used to make plastics.

At Milford Haven it has a 230,000 tonnes a year benzene

Continued on Back Page

More than half Norvic shoe workers dismissed

BY ALAN FRIEDMAN

NORVIC SECURITIES, the money-losing Norwich shoe manufacturer which called in the Receiver on Wednesday, has made more than half the workforce at its main factory redundant.

Mr Michael Jordan, one of two joint receivers from Cork Gully, announced yesterday the dismissal of 304 Norwich employees and 35 workers at the company's subsidiary at Mansfield, Notts.

Mr Jordan said he had received "indications of interest" from prospective buyers of the Norwich and Mansfield plants.

There was the possibility of a buy-out by the directors of the Mansfield Shoe Company, which manufactures for British Shoe Corporation and does design work in the footwear industry.

"I would be very disappointed if we don't manage to sell off the assets of the Mansfield Shoe Company and preserve the jobs there within the next few weeks," he said.

After yesterday's cuts there are still about 300 employed at the Mansfield factory. Only 298 employees remain at Norwich, headquarters of the group.

Mr Jordan said that the level of orders at Mansfield was higher than at Norwich, where a sharp slump in demand for children's shoes forced the company to ask Barclays Bank to appoint a Receiver.

The Mansfield business was

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Why Norvic's time ran out, Page 14

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For latest Share Index phone 01-246 8026

Conoco joins BP in cutting Libyan oil purchases

BY PATRICK COCKBURN

WESTERN oil companies are considering a drastic reduction in purchases of Libyan oil because of Tripoli's refusal to cut the price of its light premium crude by more than $1.10 a barrel. The companies, which have been paying up to $41 a barrel when most prices are falling, have demanded a $5 a barrel reduction.

Conoco, the U.S. oil company which is part of the Oasis group and entitled to lift some 630,000 barrels a day from Libya, said yesterday it was suspending purchases of some 30,000 b/d. Earlier this week British Petroleum and its West German affiliate said they would stop buying 55,000 b/d.

Conoco will continue to lift its equity crude of about 100,000 b/d. This is the oil it is entitled to as an operator in Libya.

Other members of the Oasis group, Marathon and Amerada Hess, are expected to follow Conoco's lead. Occidental, which lifts 160,000 b/d from Libya, is still negotiating on prices.

Many Western companies have been locked into six-month contracts with Libya since the beginning of the year. Libyan output is believed to have dropped to close to 1m b/d in recent months, although this is denied by Libya. In May it said it would produce about 1.6m b/d.

In addition to difficulties in selling its oil the Government of Col Muammer Gadaffi is showing clear signs of concern about its diplomatic isolation and the hostility shown towards it by President Reagan's Administration.

Last week a senior Libyan official believed to be Mr Ahmed Shehati had talks with the State Department in Washington about better diplomatic relations. The U.S. ordered the Libyan embassy in Washington to close in May.

Libya has also indicated a desire for closer relations with Britain. Mr John Moberly, assistant under secretary at the Foreign Office responsible for the Middle East and North African departments, visited Tripoli at the end of last month.

THE NEW YORK MAGAZINE TRADE

Science—the commodity with a soaring value

BY IAN HARGREAVES IN NEW YORK

THE WAY many American businessmen and politicians tell it, the spirit of science and technology in the U.S. is drooping, hand-in-hand with industrial productivity and the space budget.

But for the New York magazine trade, science — whether factual or fantastic — is a commodity of soaring value which in the last three years has spawned half a dozen new titles and a level of readership which has astonished even the most ardent science editors in the business.

"I sometimes think we could have mailed anything with science on the cover and it would have sold, the demand was so great," says Mr Allen Hammond, editor of Science 81, a publication launched late in 1979 by the American Association for the Advancement of Science, which was concerned at the time about falling standards of scientific education.

The first of the new breed of publications came from the unlikely stable of Mr Bob Guccione, best known for the sexual flippancies of his Penthouse magazine. It is called Omni and was launched in 1978.

"The biggest reason for our success is that from the outset we have been an entertainment magazine," says Mr Ben Bova, the science fiction writer who is also Omni's executive editor. "Omni is the magazine of tomorrow. We are not trying to teach or to be pedagogical. We are trying to excite in our readers a sense of wonder."

Omni now sells about 1m copies an issue and there are plans for a TV series. Its first foreign language editions have also excited some wonder in the publishing trade.

Hearst Publications looked some years ago at a proposal for a science magazine by Mr Scott de Garmo, then editor of a newspaper colour magazine. The company invited him to dust off his idea in 1979 and Science Digest was born in its present form, with Mr de Garmo as editor.

Time Inc is the giant of the U.S. magazine industry and publisher of Time, People and Sports Illustrated. Mr Leon Jaraff, a Time senior editor, started pointing out 10 years ago how well Time sold in weeks when science or medicine was on the cover. "At first, they just said it was because Newsweek had a dog of a cover that week. But eventually I wore them down," he recalls. Discover, Time's own science magazine, was launched last September.

Together, these four new publications have a circulation of almost 3m. Then there are the older contenders in the field, like Popular Science (circulation 1.9m) from Times-Mirror, or the weighty and much-respected Scientific American, whose official circulation has risen from 675,000 in 1979 to 720,000.

Mr Jaraff feels the surge of interest in popular science springs from the untutored appetites of Americans for scientific information and helping to shape the demand. "Compared with the British, Americans are scientifically illiterate," he says. "We have a very good scientific priesthood, but its a very thin layer."

For the moment, the market seems well able to absorb all its new entrants, though a couple of fringe publications—the German magazine Geo, launched in the U.S. two years ago by Grunner & Jahr, and Next, owned by Thomson—are said to be struggling.

Science Digest, Science 81, Omni and Discover still report fast growing circulations. Their editors believe they have found individual niches in the market, even though each magazine has the same readership profile which is 70 to 75 per cent male, well-educated and aged around 35.

Omni's style is to weave the surreal around a core of science fiction, book reviews, features and some more serious articles, evaluating, for example, the use of interferon in cancer treatment.

Science 81 sees itself as a quality leader, runs longer articles and is obsessive about accuracy. It is not afraid of spectacular covers and juicy headlines, though Mr Hammond says he can't imagine using what he calls "gee-whiz-image-art."

Science Digest spices up a dull title and its well-researched, rather serious articles with yellow-press headlines.

"Life after death: scientists who believe" and breathless introductions. Discover, expensively launched, attracts criticism from competitors for its lack of flair, but it reacts to news much more rapidly than the others—it was alone in reporting the space shuttle story in its June issue, for example.

All good fun and the public paying $2 a copy is clearly enjoying it. So too are the publishers, now able to charge as much as $20,000 for a full page colour advertisement. The magazines have raced towards profitability far faster than most new publishing ventures.

The most popular subjects within these newly popular pages are space, evolution, astronomy, human behaviour and health. The most vigorous debates have been over creation versus evolution and the declining space programme. Each of the magazines has been involved in trying to co-ordinate pro-space lobbies.

Even Omni, the classroom clown of the business, waxes rhetorical on this subject. Here is Mr Bova, carefully synthesising fact and imagination in the current issue of Omni and appealing to the diverse constituencies of business, labour, consumers and environmentalists to pull together for a bigger future in space: "By seeking extraterrestrial raw materials for industry," he writes, "and then eventually moving factories into space, we can help to transform the earth into a strictly residential zone."

It is to be hoped that the residents of this purified planet will still have time to read their quota of science magazines—always assuming, that is, that crude print-on-paper communications technology has not gone the way of the steam engine.

Japanese to discuss U.S. technology deal

BY RICHARD C. HANSON IN TOKYO

JAPAN HAS reacted favourably to a U.S. request for the transfer of electronic technology with potential military applications.

Japan has a set of government "principles" which virtually ban arms exports, but they do not specifically mention technology. Moreover Japanese defence officials point out that much of the technology in which the Americans might be interested was developed in Japan for civil purposes. "What the U.S. does with it after we have exported it would be no concern of ours," an official said.

Mr Caspar Weinberger, the U.S. Defence Secretary, asked the Director General of Japan's Defence Agency, Mr Joji Omura, during talks in Washington whether Japan would be willing to supply the U.S. with some highly specialised types of electronic and telecommunications technology.

The request was made this week against a background of continuing American dissatisfaction with the relatively slow rates of increase in Japanese defence expenditure. Mr Weinberger may also have pointed out that Japan is a major recipient of U.S. defence technology since it manufactures American fighter aircraft under licence.

Ex-hostages sue for $45m

LOS ANGELES—Nine ex-hostages have filed a $45m (£23.8m) lawsuit against the Iranian and U.S. Governments to resolve whether victims of a state-sponsored act of terrorism can sue for damages, according to Mr James Davis, their lawyer.

It was also intended to establish whether the 52 Americans held in Iran for more than a year were denied their constitutional rights when former President Jimmy Carter signed away their right to sue Iran as a condition of their release in January.

Mr Davis said yesterday that a U.S. Supreme Court ruling on Thursday in a related case would not seriously affect the former hostages' chances in court.
AP

David Buchan writes from Washington: The Supreme Court unanimously upheld the validity of Mr Carter's actions to free the hostages, thus paving the way for the transfer of more than $2bn in Iranian assets from the U.S. by July 19.

By theterms of the hostage-asset swap, all but $1bn will go

By the terms of the hostage-$1bn will be paid into a special account, temporarily held by the Bank of England, from which a newly-constituted international panel can pay compensation to U.S. claimants against Iran.

Air control strike threat is renewed

By Our New York Correspondent

U.S. air traffic controllers, who came within three hours of a nation-wide strike two weeks ago, may reject the tentative pay contract which averted the stoppage.

The nine-member executive board of the Professional Air Traffic Controllers Organisation has recommended unanimously that the union's 15,000 members should reject the terms offered by the Government. The offer would give each union member an annual increase of $2,000 (£1,061). The union had claimed a $10,000 per member increase.

Union officials said the board's vote reflected strong feelings among members that the June 22 agreement was inadequate. Results of a rank and file postal ballot on the contract will be known by the end of the month.

Officials said the union would seek to re-open talks with the Government if the vote went against the proposed contract. Use of the strike threat, even though strikes by federal employees are illegal, would again be a strong possibility

The Government is certain to resist any reopening of talks. The Government says it has already offered a deal worth 11.4 per cent, which is more than twice the increase proposed this year for other federal employees.

One seat delays Israeli coalition bargaining

BY OUR TEL AVIV CORRESPONDENT

BARGAINING TO build a new Israeli coalition stalled yesterday because of marginal uncertainties about the final result of the general election.

With Tuesday's votes counted, except those from army outposts, computer projections showed the likely distribution of all seats but one in the 120-member Knesset (Parliament). The allocation of that seat could make a vital difference in the construction of a coalition because the gap was so narrow between the Prime Minister, Mr Menahem Begin's Likud bloc and the opposition Labour Party.

The latest projections give Likud and Labour 48 seats each. Mr Begin's hopes of a coalition were pinned on the three religious parties which, between them, would have 13 seats. This would give a one-vote majority in the Knesset.

If the remaining seat went to Likud or one of the religious groups, it would help Mr Begin and possibly bring him other support, such as that of Mr Moshe Dayan, the former Foreign Minister, who scraped into Parliament as an independent.

Mr Begin's coalition prospects would look bleaker if the seat went to Labour or one of the two small independent left-wing groups which now muster three seats.

The religious parties appeared to be keeping their options open. The National Religious Party (NRP) and the more rigidly orthodox Agudat Israel group have had talks with Labour leaders as well as Mr Begin.

Both groups have said they prefer Likud rather than the sometimes anti-religious Labour Party.

The Labour Party could never stomach the demands being made by Agudat as the price of its support. These demands include outlawing pork sales, tightening Sabbath observance laws, and a controversial overhaul of the regulations governing conversion to Judaism.

Unofficial complete election results will be known this weekend, but the formal announcement will not be made until Tuesday.

Syria-Soviet exercises may start tomorrow

BY IHSAN HIJAZI IN BEIRUT

SYRIAN and Soviet forces are expected to begin joint amphibious exercises off the Syrian coast tomorrow.

Disclosure of the manoeuvres first came from officials in Washington, who said Soviet naval strength in the Mediterranean had increased noticeably in the past few months.

Arab diplomats in Beirut are inclined to believe the report and point out that military co-operation between Syria and the Soviet Union has been growing. The Arab Press has carried repeated reports about Latakia, Syria's main harbour, becoming a frequent port of call for the Soviet navy. A 20-year treaty of friendship and co-operation between the two countries was concluded last October.

Diplomats believe the exercises may have been decided on when Mr Hafez Assad, Syria's President, and General Mustafa Tlas, his Defence Minister, visited Moscow in May at the height of Israeli threats to destroy the anti-aircraft Sam missiles deployed by Syrian troops in eastern Lebanon.

Syrian leaders said in October that the object of the friendship treaty was to establish a balance of power between Syria and Israel, and a strategic balance in the Middle East between the Soviet Union and the Americans.

The manoeuvres would counterbalance exercises carried out in Egypt last year by the Egyptian and U.S. air forces. They would also warn Israel against taking military action against Syrian troops and missiles in Lebanon.

The exercises would be the first of their kind involving the Soviet Union and an Arab State. Observers say that, in military terms, they are comparable to the deployment in Egypt 13 years ago of a large number of Soviet military advisers.

The Russians were invited to Egypt by the late President Nasser to deter Israel, whose air force was making strikes far inside Egyptian territory.

Athens regime under fire over extradition of Turk

BY DAVID TONGE IN ATHENS

THE GREEK Government came under fire in Athens yesterday for sending back a Turk who had sought political asylum. The incident, which highlights the delicate state of Greek-Turkish relations, has led to Opposition Press headlines such as "Our country has been shamed."

Details have now emerged of how Mr Fehmi Uzal was handed back three weeks ago. He had escaped from the Turkish port of Bodrum in a small boat and landed on the Greek island of Cos on June 4. But he was expelled to Turkey within a week.

An embarrassed Greek Foreign Ministry has hastened to explain that it knew nothing about the incident. Though keen to improve relations with Ankara, it is also aware of widespread local sympathy for those persecuted by the Ruling Turkish junta.

The Foreign Ministry has said the return of Mr Uzal was carried out "irresponsibly" by "a local body." It has also issued orders that there should be no repetition of "acts against international principles."

The Greek islands form the easiest escape route for those fleeing Turkey. A journalist, Mr Kahraman Ahya, recently swam to Cos and also asked for asylum. But Athens has to move carefully.

In April, the Turkish Generals protested at the way Armenian groups were allowed to hold meetings in Greece and they are keen to secure help against "international terrorism."

Metin Munir writes from Ankara: Mr Turgut Ozal, the Turkish Deputy Prime Minister and head of his country's economic salvage programme, leaves for a week's trip to Washington tomorrow.

He will meet officials of the World Bank, the International Monetary Fund and the U.S. State Department and Treasury. It will be his first contact with the Reagan Administration which has promised to step up military and economic aid to Turkey.

W. Germany imports drop but exports stabilise

BY ROGER BOYES IN BONN

WEST GERMANY'S trade balance remained in surplus during May, although it fell short of April's surprisingly high level.

Meanwhile, the current account, which includes tourism and overseas transfers as well as trade, showed a deficit of DM 1.4bn (£301m) compared to DM 1.5bn in May 1980, and a shortfall of only DM 400m in April.

The picture that emerges from these figures, released yesterday by the Federal Statistics Office, is of a steady decline in imports and a stabilisation in export performance. In May, Germany imported DM 29.68bn worth of goods — down slightly from April's DM 30.3bn which in turn fell dramatically from March's DM 33.9bn. Exports, meanwhile, reached DM 31.2bn—a fall of 7 per cent on April's strong performance but still 8 per cent up on May, 1980.

As a result, West Germany recorded a trade surplus of DM 1.6bn in May—DM 300m over May, 1980 but about half of April's DM 3.3bn surplus. Over the first five months, the current account deficit reached DM 10.5bn.

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Bulgaria denounces Afghan plan

BULGARIA, a close Soviet ally, yesterday criticised the Common Market plan for an international conference on Afghanistan, saying it would bring "rioters and counter-revolutionary bandits to the negotiating table," Anthony Robinson reports.

Lord Carrington, the British Foreign Secretary, flies to Moscow on Sunday to present the plan which is aimed at securing a withdrawal of Soviet troops and international guarantees for Afghanistan's future non-aligned status.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, will meet Lord Carrington in London earlier on Sunday to brief him on Herr Willy Brandt's recent talks with President Brezhnev in Moscow.

Steel pact ratified

An agreement reached last week on measures to help the European Common Market's steel industry was ratified yesterday following Italian approval of the pact. Reuter reports from Brussels.

Springboks challenged

The New Zealand Governmetn's decision to allow a South African rugby team to tour the country is to be challenged in the High Court. Dai Hayward writes from Wellington. The case will be put by church leaders.

Ministers named

Signor Giovanni Spadolini, the Italian Prime Minister, yesterday completed his coalition Government by naming 57 assistant ministers to support the Cabinet, Reuter reports from Rome.

Midland Bank plans to cut headquarters staff

BY WILLIAM HALL

MIDLAND BANK has announced a major cutback in its head office staff. Over the next four years it plans to reduce the number of head office jobs by more than a quarter to about 5,000.

The bank has already put a ban on school leaver recruitment this year in an effort to reduce its overall workforce by some 2,000. The intention to cut 2,000 more jobs reflects the anxiety of the bank's senior management over the rapid growth of its head office staff.

Midland transferred part of its headquarters to Sheffield in 1975 in an effort to cut head office costs. However, this move has not been regarded as a great success. Although 2,000 staff are now located in Sheffield the majority still work in London, and there is some job duplication, the bank says. The cuts will be spread over both centres.

The bank's UK clearing operation employs 54,200 staff. The group employs 72,300. In the context of the whole group, the cutbacks are relatively small. In terms of the head office they are significant.

Midland Bank said yesterday that it was going to undertake a detailed review of all head office departments and their working methods. It hoped that most of the 2,000 reductions would come from natural wastage, early retirement and redeployment. However, it has not ruled out the possibility of redundancies.

The purpose of the review was to "produce a more economical head office structure which is fully responsive to the changing needs of the bank."

Mr Leif Mills, general secretary of the Banking Insurance and Finance Union which claims 21,000 members in the bank, said yesterday that the union would not "countenance" any compulsory redundancies among its membership.

The union is due to meet senior management on the review, and is prepared to discuss the review and issues such as recruitment cutbacks, redeployment, retraining and early retirement.

The union, though, was "bitterly opposed" to compulsory redundancies. Failure of the bank to give assurances on this would create serious difficulties with the union Mr. Mills said.

Union officials believe industrial action might be unavoidable on such a sensitive issue. The bank's cheque clearing operations at Coopers Row computer centre in London would be the main target.

Earlier this week Midland Bank announced a reshuffle of its senior management team following the retirement of Mr. Malcolm Wilcox one of the bank's two chief general managers and the appointment of Mr Stuart Graham as group chief executive. The purpose of the re-organisation was to sharpen the bank's approach to its major markets.

The bank emphasised yesterday that the announcement of cuts in head office staff was unconnected with this re-organisation and had been under consideration for several months.

Staff costs account for about 70 per cent of a clearing bank's total costs. There has been growing concern amongst all the banks at the steady rise in staff costs during the recession though these have been partly alleviated because the banks are earning historically high profits.

The Association of Scientific Technical and Managerial Staffs, which also has members in Midland Bank, said yesterday that it would resist any phasing out of jobs among headquarters staff.

Publication row stops Lloyd's List

By John Moore

LLOYD'S LIST failed to appear yesterday after the management of the newspaper intervened over a report which was to appear in the paper.

Some 14,800 copies of the paper, wholly-owned subsidiary of the Corporation of Lloyd's, were lost after Mr Roy Farndon, the editor, was instructed to take out a report prepared by one of his journalists.

"I did not take out the story and refused to do so. The management got in touch with the printers and the production was stopped," Mr Farndon said yesterday.

Mr Clifford Welch, managing director and chief executive of Lloyd's of London Press, the publishing company which prints Lloyd's List, said yesterday: "There was a story in the List which had to be stopped, and was stopped, by the management of the paper."

The story is understood to concern the relationship of two individual Lloyd's brokers with insurance companies in international insurance markets and a fraud squad inquiry.

Yesterday the paper's National Union of Journalists chapel wrote a letter to Mr Peter Green, Lloyd's chairman, asking for assurances on editorial freedom.

The List, the oldest newspaper printed in the UK, appeared in 1734 and has become the bible of the shipping world. It records shipping movements everywhere.

It has striven to maintain an independent identity, though always owned by Lloyd's.

Trevor Humphries

A SMASHING time was had by all: the chaotic scene at Harrods in Knightsbridge yesterday, shortly after the doors opened for the start of its annual sumer sale. The sale went ahead as planned, despite unofficial strike action by some staff who are members of the Transport and General Workers Union. Their action, following a breakdown in pay negotiations, is due to continue through the weekend, and the prestigious store admitted it could affect some deliveries. During the pay negotiations Harrods offered an 11 per cent average increase, a figure already accepted by other staff members. Staff who have 12-months service or more will earn an average £83.22 a week, with some grades getting considerably more. The store said that its sale would continue to offer thousands of bargains. It is scheduled to last until Saturday, July 18.

Police may prosecute Paisley

POLICE MAY PROSECUTE

By Elinor Goodman

THE REV Ian Paisley may be prosecuted under the Incitement of Violence Act because of his threats to raise an organisation of loyalists prepared to kill.

Mr Humphrey Atkins, the Northern Ireland Secretary, said yesterday that he would not intervene to stop a prosecution if the Chief Constable decided that in his view the law had been broken.

Mr Atkins, speaking on ITN, said that the question of whether to refer the matter to the Director of Public Prosecutions was essentially one for the Chief Constable.

But Mr Atkins had no intention of holding back from prosecution because of the public feeling behind Dr Paisley: "Nobody must be allowed to break the law and get away with it," he said.

In the same interview he reiterated his determination not to give in to the IRA prisoners' demand for political status.

Meanwhile, Mr John Patten, one of the junior Ministers at the Northern Ireland Office, went out of his way to stress the Government's evenhanded attitude to Northern Ireland.

On the one hand, it had refused to "surrender 1m Protestants to a united Ireland if they do not want it." On the other, it had refused to restore simple majority rule because the minority community would not be willing to trust it.

Mr Atkins' initiative was a "limited step," but Mr Patten claimed that it was the only course compatible with the local political parties' inability to agree on how to go forward.

Our Belfast Correspondent writes: The initial frosty reaction of political leaders to the Government's plan for a Northern Ireland advisory council at Stormont has given the public at large little reason to believe that it might lead to a reconciliation between the divided communities.

Most people, particularly those in industry and commerce, would welcome the opportunity for closer scrutiny of the operation of direct rule. But it appears inevitable that this function of the council will be lost beneath the welter of constitutional wrangling.

The Government's proposal comes at a time of increased tension. Northern Ireland is again in the marching season, with the annual Orange Order demonstrations due on July 13.

At the same time, the condition of Mr Joe O'Donnell, one of eight republicans on hunger strike at the Maze Prison, is said to be rapidly worsening. He is on the 58th day of his fast.

Aston Martin chief to quit next month

ASTON MARTIN Lagonda's managing director, Mr John Symonds, is leaving the company next month to take up a position in engineering, but outside the motor industry in which he has spent all of his working life.

Mr Symonds, who was managing director of BL's Pressed Steel Fisher division before taking up his Aston Martin post in October 1979, said yesterday he had "no single, specific reason" for leaving Aston Martin.

He said there was no discord between himself and Aston Martin's new owners, Mr Victor Gauntlett's Pace Petroleum group and the CH Industrials group took over at the beginning of this year from Messrs Alan Curtis and Peter Sprague.

Policeman criticises Brixton riot gear

A POLICE constable who was on duty in Brixton during the riots told the Scarman Inquiry yesterday of the inadequacy of police clothing and equipment during the disturbances.

Pc Roger Fuller said that on the Saturday of the disturbances he was annoyed that he could not get into Railton Road, where the disturbances centred, to help innocent people.

He said the police did not have fire-proof uniforms, helmets were bending and there was no protection to the face. When bricks hit shields, dust came into constables' eyes through the cracks in the shields.

Many officers issued with shields on the Saturday, Pc Fuller said, had not been trained in the use of shields. Because of this the cordon in which Pc Fuller was involved did not work property, he said.

Biffen approves newspaper merger

EIGHT SEPARATELY owned newspapers in the Greater Manchester and Cheshire area have been given permission by Mr John Biffen, Trade Secretary, to merge into four jointly owned concerns.

Five of the newspapers are at present owned by Thomson Regional Newspapers Limited and three by The Guardian and Manchester Evening News Limited. The result of the proposed reorganisation will be that the two companies will be joint owners of the four newspapers.

Abbey seeks over-40s' savings

BY TIM DICKSON

ABBEY NATIONAL, the country's second largest building society, is to step up the battle for savings with a special account for the over-40s.

Details of this scheme, called 40-plus Bondshares, will be announced in about 10 days when the society presents its results for the first half of 1981.

Mr Clive Thornton, chief general manager, promised yesterday that the Bondshares would provide an "attractive" rate of return to those prepared to tie up their money for a fixed period.

The rate to be offered is understood to be about two percentage points over the ordinary share rate (equivalent to 10.5 per cent).

Abbey's 40-plus Bondshares follow its controversial 60-plus Bondshares, which were launched late last year.

These were designed to compete directly with the Government index-linked savings certificates, made available to all savers aged 60 or over in November, and to those of 50 or over in April.

Recent figures show that they make a significant impact on National Savings receipts. By introducing 40-plus Bondshares Mr Thornton is again trying to trump the Government ace.

There have been many short-term savings offers from medium-sized and smaller societies.

Most pay a little extra interest above the recommended building society Ordinary share rate, 8.5 per cent net, while allowing investors ready access to their funds.

The best-publicised was the Cheltenham Gold account, now withdrawn.

Until recently the five largest societies have not joined in but this week the Halifax announced an Xtra Interest Account paying 9.25 per cent on balances of £1,000 or over, and 9.5 per cent on sums above £10,000.

In both cases the money is available at three months' written notice.

Mr Thornton said: "Our view is that the Ordinary share rate is a generous return for money on call and we tried to persuade the Halifax not to go ahead."

Mr Thornton says Abbey's Go-plus Bondshares, which initially offered a three-percentage point differential over the Ordinary share rate, have pulled in £650m-£700m.

The second and third issues provided a 2½ percentage and 2 percentage-point differential respectively.

"This type of account is easy to understand and just as important, it forms part of a well thought-out long-term strategy."

Spending study aids ratepayers

BY ROBIN PAULEY

THE FIRST major step towards providing comparative statistics about local authorities in England and Wales was made by the Chartered Institute of Public Finance and Accountancy yesterday in a book of indicators.*

But Mr Noel Hepworth, director of CIPFA, immediately warned that no firm conclusions about spending levels or efficiency between councils could be drawn from the figures. They should be given no more value than prompting questions among ratepayers.

For example, the book lists gross council house rents as a proportion of total housing costs for individual authorities. The 1980 average for inner London was 23 per cent. In Camden, however, only 15.5 per cent was met from gross rents, in Islington 20.2 per cent, Lewisham 26.8 per cent and Hammersmith 34.3 per cent.

These results, says Mr Hepworth, should prompt ratepayers to ask "Why?"

Ratepayers might also wish to know the rent level in each authority. In Camden it was £9.91, Islington £9.83, Lewisham £7.67 and Hammersmith £12.74. The highest in inner London was Kensington and Chelsea at £15.81.

Ratepayers can also compare rent levels between different areas. In 1980 the average in Birmingham was £9.81, in Leeds £7.62 and in Liverpool £7.85.

Still on housing, ratepayers can also see the state of rent arrears. The inner London average was 11 per cent of collectable rents ranging from 4.6 per cent in Westminster to 19.2 in Islington. Liverpool's figure is 11.3 per cent and Birmingham's 5.3 per cent.

The question ratepayers needed to ask was whether Islington's figure was high because it was inefficient or because it had many poor people and whether Liverpool's high figure could be related to unemployment levels.

* *Local Government Comparative Statistics 1981, CIPFA, 1 Buckingham Place, London SW1; £12.*

University grants back science studies

AN EFFORT to shift the emphasis of study back towards the sciences marks the first step in the reduction and re-shaping of UK higher education proposed this week by the University Grants Committee.

Although the 42 British universities are legally independent, the committee controls how much each of them receives of the block grants provided by the Government. So the UGC—a quango formed in 1919—can take financial sanctions against any institution which spurns its advice.

None seems likely to step seriously out of line. The main block grant is already to fall by

Michael Dixon looks at moves to reshape Britain's higher education policy

8.5 per cent to £808m by 1983-84. All universities will suffer losses.

Those due for minor decreases—such as York with a loss over the period of only about 1.5 per cent — have every reason to follow the UGC's plan Those scheduled for big reductions—such as Salford with 28 per cent—have no reason to court worse penalties.

The committee wants a total cut by 1983-84 of 12,250 full-time students coming from Britain and the other EEC countries.

Students from other nations are outside the UGC's jurisdiction now their tuition fees have been raised to the full average cost of their courses. Each university recruits its own

The extent of the committee's cuts varies widely not only between institutions, but also from one group of subjects to another.

A university may decide how many of its students allocated to each subject group are undergraduates or post-graduates. But it may not compensate for a shortfall in one group by exceeding its quota in another.

The variances among the institutions and the subject groups are shown in the table.

The students from Britain and the EEC attending Aston — second only to Salford in the severity of its loss—will fall by 22.1 per cent from 4,670 in 1979-80 to 3,640 in 1983-84. But the number on Aston's courses in arts and social studies will fall by 23.9 per cent to 1,080. Those on science and technology courses will decline by 21.2 per cent to 2,560.

The scheduled number of students in 1983-84—and the general percentage cut over the four-year period—is shown for each of the other 41 universities in Britain together with the corresponding percentage change in the student population of each of its main subject groups.

Medicine and dentistry, in the 19 institutions with medical schools, will have 4.5 per cent more students with 24,380. Other sciences and technologies will fall by 2.2 per cent to 104,570 students. Arts and social studies will drop by 8.4 per cent to 119,770 students.

Of the 1983-84 total, 9.8 per cent of students will be in medical schools compared with 8.9 per cent last year; 42 per cent will be in other sciences and technologies (41); and 48.2 per cent in arts and social studies (50.1).

HOW THE CUTS IN STUDENT NUMBERS AFFECT THE MAIN SUBJECTS

	Arts and social studies % change	Science and technology % change	Medicine and dentistry % change	TOTAL No.	TOTAL % change
Aston	−23.9	−21.2	—	3,640	−22.1
Bath	+ 1.0	+ 2.8	—	3,260	+ 2.2
Birmingham	− 3.8	+ 6.5	same	7,770	+ 0.3
Bradford	−16.7	−20.5	—	3,530	−19.0
Bristol	− 7.0	− 1.9	+ 1.2	6,390	− 3.9
Brunel	+ 9.0	− 3.6	—	2,470	+ 0.4
Cambridge	− 4.3	same	+ 2.4	10,280	− 2.0
City	−16.9	+ 0.7	—	2,020	− 5.2
Durham	− 6.6	+ 2.0	—	4,360	− 3.8
East Anglia	+ 1.2	−12.2	—	3,640	− 3.2
Essex	−13.0	+19.0	—	2,150	− 4.0
Exeter	− 3.6	+ 2.1	—	4,600	− 1.9
Hull	−22.2	+ 1.9	—	4,200	−17.2
Keele	−22.7	+ 1.5	—	2,230	−16.8
Kent	−13.4	+14.7	—	3,180	− 7.3
Lancaster	− 9.7	+ 3.3	—	3,920	− 6.9
Leeds	− 7.7	+ 1.7	+11.8	9,270	− 1.7
Leicester	−11.0	+ 4.1	+27.5	4,200	− 3.2
Liverpool	− 7.8	+ 3.7	− 2.0	6,910	− 2.1
London	− 4.6	− 6.8	+ 3.7	32,510	− 3.5
Loughborough	− 9.9	+ 4.7	—	4,550	− 2.6
Manchester	− 3.0	+ 3.3	same	12,860	+ 0.2
Newcastle	− 9.8	− 1.9	+ 5.0	6,600	− 4.1
Nottingham	−10.5	− 2.6	+28.0	6,150	− 3.6
Oxford	− 4.8	− 1.7	+15.8	10,410	− 5.2
Reading	− 9.7	− 0.4	—	4,770	− 5.2
Salford	−38.3	−26.6	—	2,750	−30.2
Sheffield	− 7.9	+ 8.9	+ 4.7	6,860	same
Southampton	− 3.9	+ 1.2	+ 6.7	5,660	− 0.5
Surrey	−27.9	− 8.4	—	2,470	−14.2
Sussex	− 6.5	− 0.8	—	3,710	− 4.6
Warwick	− 8.3	+19.0	—	4,550	− 1.1
York	− 7.5	+15.3	—	3,090	− 0.3
Wales	−10.2	− 3.1	+ 1.0	16,130	− 6.9
Aberdeen	− 7.1	same	− 1.6	4,940	− 3.9
Dundee	−10.4	+14.9	same	2,480	− 0.4
Edinburgh	− 4.2	+ 1.5	+14.0	8,840	+ 0.1
Glasgow	− 8.5	+ 1.1	+ 1.5	8,810	− 3.2
Heriot-Watt	−36.5	− 4.4	—	2,120	−12.8
St Andrews	− 6.7	−10.[illegible]	same	2,880	− 7.4
Stirling	− 9.3	−34.9	—	2,020	−18.2
Strathclyde	− 7.7	− 1.6	—	5,540	− 4.3
Total full-time students from Britain and EEC	− 8.4	− 2.2	+ 4.5	248,720	− 4.7

Fifth of public spending reserve already allocated

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

NEARLY a fifth of the £2.5bn contingency reserve for unforeseen items of public spending in the 1981-82 financial year has so far been allocated.

The reserve is within the planned total of public expenditure set out in the annual White Paper. The main items of the £449m committed so far are £231m for the National Coal Board, and the £200m rise in British Telecom's cash limit.

The £2.5bn set aside for 1981-1982 is much larger than in recent years. In evidence to the public accounts committee of the Commons last month, Sir Anthony Rawlinson, a Treasury second permanent secretary, said that on present assumptions it was unlikely to be a tight fit to keep within the reserve.

There are expected to be requests for additional money from a number of nationalised industries.

Details of revised estimates and summer supplementary estimates were presented to Parliament yesterday by Mr Nigel Lawson, Financial Secretary to the Treasury.

The total net additional provision sought is £218m, equivalent to 0.3 per cent of the £72.1bn originally sought in March.

The Treasury states that he net effect of the estimates on total public expenditure is almost nil. Most of the increases are either a charge on the contingency reserve or are to be met within existing programme totals.

The supplementaries reveal that the Treasury expects to receive £7.76m from the sale of its rights in the BP share issue. This is after deducting an estimated £749,000 for the costs of sale of the shares. The net proceeds will be treated as extra receipts in the consolidated fund.

Included in the supplementaries is £23.46m for increased provision for local authority rates on government property, reflecting actual rate poundages rather than the original assumption of an 11 per cent rise. This increases the public expenditure total but not public sector borrowing.

Heath continues his fight against Thatcher policies

BY ELINOR GOODMAN

MR EDWARD HEATH made it clear yesterday that he has every intention of continuing to make problems for Mrs Thatcher. The former Prime Minister, who earlier this week launched a bitter attack on the Government's "incomprehensible" economic policies, yesterday stood by his criticisms.

He insisted that he would not be intimidated by the Press, the Commons or No. 10, and he promised to go on arguing within the Conservative Party for change.

Interviewed on BBC Radio's Jimmy Young Show, Mr Heath said he was not going to join the Social Democrats. But his scathing views on government policy suggested that in many ways he has more in common with Mr Roy Jenkins, another middle-of-the-road Social Democrat, than Mrs Thatcher.

Mr Heath again managed to avoid mentioning Mrs Thatcher by name, and he was at pains to put himself above personality politics.

"It is stupid to say that we must not change anything we planned five years ago. It is a childish approach, it is a ridi culous approach to politics," h said.

Mrs Thatcher was obviousl embarrassed and irritated b his attack earlier this week. M Heath was criticised by new papers and Tory MPs, but hi attitude yesterday suggeste that the criticism has onl served to increase his deter mination to make his views fel

Asked if he thought th Government's policies coul change while Mrs Thatcher r mained leader, Mr Heat replied: "That depends on he If she recognises the need fo change—the policies are no producing the results she want —then perhaps she wi change."

He insisted an "open discu sion" of these policies wa needed, and claimed that th attacks on him in the Pres and suggestions that he shoul leave the Tory Party after hi last speech on Wednesday, "ar an example of the intoleranc which has spread in parts of th British Press and the Conserva tive Party in the last fe years."

Judge rejects Burmah claim that Bank of England forced it to accept an unfair bargain

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE BANK of England did not treat Burmah Oil unfairly when it rescued the company from its 1974/75 financial crisis, a High Court judge held yesterday.

Mr Justice Walton rejected out of hand Burmah's claim that the Bank, at the instigation of the Government, forced an unconscionable bargain—taking advantage of the company's weakness to get its 20 per cent holding in BP at a gross undervalue.

The judge said the price of 230p a share for the 77.8m shares, fixed by the Government, had been fair in the context of the whole package, the potentially enormous liabilities the Bank had taken on, and Burmah's circumstances.

In his two-and-a-quarter-hour reserved judgment, the judge said that at the end of 1973 Burmah had been a prosperous and profitable company. Twelve months later it was facing liquidation.

The Bank had rescued it from that fate.

Burmah's crisis was precipitated by the 1974 oil price explosion and the collapse of the stock market.

The value of the BP shares, Burmah's largest asset, fell dramatically, and defaults by the company on massive dollar loan agreements were imminent.

On the eve of the crisis no great sense of urgency appeared to have animated the Burmah board, said the judge. But the company's financial advisers, and the Bank of England, had been alarmed.

In December, 1974, the Bank came up with a package of guarantees and other help, with the BP shares to be taken by the Bank as security.

Because of the amount involved, and because the consequences to the Bank if anything went wrong might have been financially catastrophic, the Bank had to have — as Burmah knew — the Government's backing and approval of any terms it offered.

The package proved insufficient and Burmah asked for more. The Bank said Burmah would have to sell it the BP shares. The possibility of profit sharing was mooted by the Bank, but the Government rejected the idea.

The price for the BP shares had been fixed by the Government. It considered that, if all the relevant information had been given to the Bank in December, the shares would have had to be sold then, when the market price was only just more than 200p.

The Government, however, had been prepared to accept a price based on the average market price between the two rescue packages.

Burmah protested, but the Government was adamant and the company accepted the offer on January 23.

Rejecting Burmah's charge that the Bank had taken advantage of superior bargaining power, the judge said Burmah had had extremely high-powered independent advisers who were quite capable of understanding and evaluating the terms, and had advised the company to accept them.

The Bank had put no pressure on Burmah; indeed, it was apparent that it would have been delighted to wash its hands of the whole affair.

Nor did the Bank owe any special duty to Burmah; the relationship between them had been a commercial one.

Burmah had had strong bargaining cards. The prospect of a massive default by a top British company on a dollar loan would have had extremely serious repercussions for sterling, which was why the Bank had been prepared to step in in the first place.

Later it would have been unthinkable for the Bank to pull out, because that would have created an event greater crisis of confidence, this time in the Bank itself.

Thus the Bank had either to risk the complete collapse of Burmah, or come up in January, 1975, with another rescue package.

If Burmah did not like the terms, it could simply have walked away, leaving the Bank in the awkward position of having guaranteed the dollar loans, but having taken a security that defeated the whole object of the exercise by ensuring the immediate liquidation of Burmah.

Burmah argued that, given time, it could have got a better price. The fact that it did not have that time had bee due to the crass folly of th Burmah Board. Also, talk c other purchasers was onl speculation.

The bank had bought th shares at, if anything, slightl above the market price.

The judge pointed out tha a Burmah director, Mr Camp bell Anderson, one of the mos vociferous critics of the agree ment, had said that the pric was "about as low as coul legitimately be put forward."

A deal at a price which eve such a critic recognised a legitimate could not be stigm tised as unconscionable, said th judge.

LABOUR NEWS

THE WEEK IN THE MARKETS

Miners battle for approval of Vale of Belvoir plan

BY CHRISTINE TYLER, LABOUR EDITOR

THE NATIONAL Union of Mineworkers yesterday launched a campaign to win Cabinet approval for development of the Vale of Belvoir coalfield in Leicestershire.

The union, which has the support of Labour MPs, hopes to put pressure on Ministers to over-ride the conclusion reached by Mr Michael Heseltine, Environment Secretary, that the National Coal Board's application for planning permission should be refused at least for a few years.

NUM leaders believe the question is due to be discussed on Thursday at the "E"—or Economic—sub-committee of the Cabinet with the Prime Minister in the chair.

Their campaign has been precipitated by the leak earlier this week of a confidential draft paper to the "E" committee in which Mr Heseltine explained how he had reached what he calls his "preliminary conclusion."

The paper also reveals that the Department's inspector at a planning inquiry, Mr Michael Mann, QC, had recommended that the NCB get planning permission for the three mines it wants to sink in the vale.

The union's executive committee, meeting in Jersey, Channel Islands, in advance of next week's annual conference, drew up an emergency resolution before the delegates. Mr Joe Gormley, NUM president, accused Mr Helseltine of duplicity, and warned that there would be "A hell of a row."

To back his charge, Mr Gormley released the text of a letter he had received from Mr Heseltine—dated June 29—in which the Minister said there were "complex and important issues which occupied the public inquiry for over two months, and which now require the most careful consideration in the light of the inspector's report."

The letter continued: "I will give my decision as soon as possible, but, in the meantime, I am sure you will understand that it is impossible for me to provide any indication of what that decision is likely to be."

Mr Gormley claimed that Mr Heseltine had already reached a view, and that he had told other Ministers of it in May.

"I think it is complete hypocrisy to deal with decisions in this way."

Ambulance staff modify plans for national strikes

BY PAULINE CLARK, LABOUR STAFF

LEADERS OF Britain's 17,000 ambulancemen yesterday agreed that industrial action should continue with maintenance of emergency cover. The timing and nature of strikes, however, would be determined locally.

The decision not to continue with one day national strikes follows the patchy response to the second day of national action called for Friday of last week—even though the unions claimed that between a half and two thirds of ambulance crews had joined in.

While the national leadership has chosen to modify its strategy, continuing strong feeling against the Government's 6 per cent pay offer was demonstrated in London yesterday when crews working in more than half the capital's ambulance stations struck without warning.

It was the third strike in London to result from a separate decision by the capital's union convenors in support of a 15 per cent pay claim.

As in previous London strikes, the ambulancemen continued to defy national policy by refusing to provide emergency cover.

Police, and the voluntary Red Cross and St John services were called on to help and the public was asked to avoid making 999 calls except in real emergencies.

ICI offer rejected by union

By Our Labour Staff

MEMBERS of the General and Municipal Workers' Union at Imperial Chemical Industries have rejected the company's 7.7 per cent pay offer.

Mr David Warburton, the union's national officer for chemicals, said yesterday that he would be seeking discussions with the other signatory unions in preparation for a further meeting with ICI.

Some of the other unions have not yet assessed finally the voting of their members on the offer. But there has been some indication that the Transport and General Workers Union will also reject it.

The GMWU said yesterday that a work to rule and overtime ban was due to start at Albright and Wilson from Monday after rejection of a 7.5 per cent offer.

The company is covered by the main national negotiations for the chemical industry but these have broken down this year after unions rejected the Chemical Industries Association's 7.2 per cent offer.

Mr Warburton said a clear majority of company sites had voted for industrial action, although there had been no authorisation for an all-out stoppage.

The union says it has reached local settlements with 15 companies for rises between 8.5 and 12 per cent.

NUJ attacks Observer move

Financial Times Reporter

THE National Union of Journalists attacked the *Monopolies and Mergers* Commission yesterday for failing to defend public interest in its agreement this week to transfer *ownership of the* Observer to Lonrho.

In a statement Mr Jacob Ecclestone, deputy general secretary *of NUJ*, said the commission's recommendations amounted to "little more than window-dressing *for* a shoddy commercial transaction."

The NUJ believed that Lonrho and Mr Roland "Tiny" Rowland, its chief executive, were "not fitted to own the Observer," and the union was calling on Mr John Biffen, the Trade Secretary, to reject the commission's findings.

Dispute raises loan charges

THE CIVIL SERVICE dispute has led to a steep increase in the cost of interest charges on central Government borrowing which has risen to cover the delay in tax receipts.

Interest charges up to the end of June were £70m to £80m—having doubled since the end of May.

Sir Geoffrey Howe, the Chancellor, said yesterday that delayed revenue amounted to between £4bn and £4.5bn.

TUC to break with CBI over anti-union drive

BY PAULINE CLARK, LABOUR STAFF

THE TUC is to sever its informal consultation links with the CBI because of the confederation's campaign for tougher laws against trade unions.

Mr Len Murray, the general secretary, made this clear in Manchester yesterday. He accused the CBI of becoming increasingly distant from "the real world in which their members and ours live."

The CBI "obviously preferred playing footsie with eir political chums." There was little point in the TUC's continuing at present with the informal bilateral arrangements for consultation.

This ends an arrangement in force since the birth of the National Economic Development Council.

The six representatives from TUC and CBI respectively have met several times for informal bilateral talks outside the main council meetings for discussion on problems of mutual interest.

A closer relationship between the two organisations had been forged in the past few months since the CBI declared its policy in favour of a reflationary economic strategy.

Though the TUC's alternative economic strategy goes much further than the CBI's on public investment policy, both have been able to present something of a united front on concern over aspects of Government monetary policy which have failed to curb the tide of unemployment.

Last month the CBI put a seven-point union law reform plan to Mr Jim Prior, the Employment Secretary, asking for tighter laws on matters including proeedure agreements, "secondary" action and picketing, and outlawing of closed-shop provisions in tenders and contracts.

Another day, another dollar

LONDON

ONLOOKER

Shares slid quietly sideways in the midst of the many contrasting influences at work during the week. Gold slumped and the pound took another step down the currency staircase as U.S. interests rates maintained their upward march.

Major business failures have hitherto been few and far between for all the strains of deep recession. But, in quick succession, two well known companies were forced to ask for the appointment of receivers and managers. Richards & Wallington, the crane hirer, and long established shoe group, Norvic, each succumbed shortly after fixing up what had proved to be all too temporary support from their bankers.

GEC's bull points

GEC's share price has performed 50 per cent better than the stock market as a whole during the past 12 months—and it still managed to respond with enthusiasm to Thursday's sparkling preliminary figures. These showed that profits in the year to March had risen from £415m to £476m, and analysts were left with the firm conviction that a further increase —to perhaps £550m—was in view for the current year.

There are half a dozen bullish points to be made about the company. Over half its profits arise in what are clearly growth businesses—notably electronics, automation and power engineering. This latter division, for so long the victim of falling domestic demand, increased its order intake by about 30 per cent last year, and is now firmly established as a powerful competitor in the international market place.

Even in the businesses which are not doing so well, GEC has shown that firm management has got to grips with potentially serious problems. Profits on the industrial side have been squeezed—but after substantial reorganisation in electrical motors, this division seems to be back on an even keel. In consumer products, which have long been the weak spot in GEC's armour, management now seems to have got on top of its difficulies in domestic appliances.

GEC's supporters can also point to new sources of growth in the future. In particular there are the acquisitions in medical equipment, which are now being hammered together under new leadership.

The balance sheet remains as strong as ever—to the extent that investment income ranks as one of the biggest single sources of profits and accounted for over half last year's growth at the pre-tax level. The dividend is covered any number of times by current cost earnings, and looks set to outpace the rate of inflation for the foreseeable future.

But all this is now well recognised by the stock market. The danger is that managers of the big institutional funds may be getting swept away by their enthusiasm for all things electrical. They buy GEC because its shares are on a lower prospective p/e than others in the sector like Racal or Ferranti. But GEC is now an enormous company, capitalised at over £4bn. It takes a real act of faith to buy the shares now that they are yielding noticeably less than the risk free, index linked gilt-edged stock.

Beet bid dissolves

It was not, as big takeover battles go, particularly acrimonious but the £200m offer by S. and W. Berisford for British Sugar Corporation was vigorously pursued and stoutly defended. The saga, which started in March last year when the commodity trader took a near 10 per cent stake in BSC, came to a close during the week when the bid lapsed a small step short of its target.

It may be wise to regard the week's events as the end of an episode rather than the end of the story. Berisford had already waited patiently through a Monopolies Commission investigation before re-entering the fray a couple of months ago. Its holding now amounts to 38 per cent of BSC's equity which, if it was not quite enough to swing the Government's own 24.17 per cent stake behind it, provides a powerful platform from which to take another crack at the beet grower.

Under the terms of the City Code, Berisford can buy another 2 per cent but must otherwise sit on its hands for the next 12 months. Only then can it return. But staying in will not be too painful in view of the prospective yield of over 11 per cent. at average buying prices, on BSC's forecast dividend.

Although they were celebrating last week, life for the British Sugar directors, headed by Sir Gerald Thorley and chief executive Mr John Beckett, will not be easy. Berisford has made it plain that it is holding open a lot of options and a disposal—even if such a big holding could easily be sold—does not appear to be very high on the list of possibilities. In the meantime, it wants its voice to be heard in BSC's affairs. One of the major questions now is how far Berisford will push and how far BSC will allow itself to be pushed, to influence the deep-rooted battle which has been brewing between the sugar growers and merchants.

The signs are that Berisford will not be invited to put a representative on the BSC board.

At some point in the near future, the Government will have to do something about its holding. One of BSC's biggest handicaps during the battle was the knowledge that the Government was a large potential seller and that knowledge undoubtedly influenced the many shareholders who sold to Berisford during the bidder's lightening share raid in the middle of last month. They were able to scuttle overboard at the bid price in the hope that if the offer failed they would get back more cheaply when the Government unloaded.

The simplest course, perhaps, would be for the Government to place its holding quickly. It would be unfortunate if the authorities dallied until Berisford's time penalty has expired.

BL sells Alvis

BL has more pressing matters on its mind than tank sales so this week's sale of Alvis, its defence company, to high-flying United Scientific Holdings will relieve of it a business which, while profitable, was an unwelcome drain on management time.

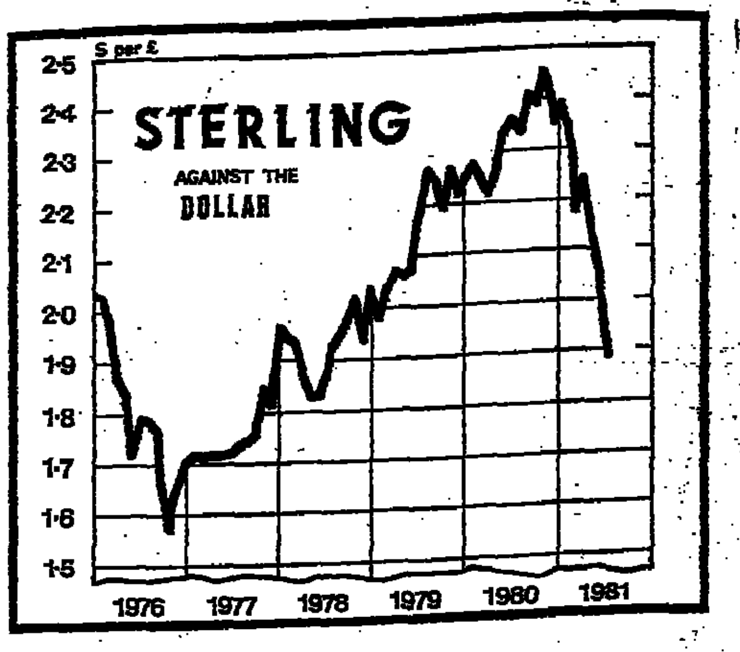
The £27m deal will not make much impact on BL's mountainous debt load but it will transform USH, a manufacturer of optical defence equipment which has multiplied its profits elevenfold since 1974. USH is financing the purchase through a rights issue which will increase issued share capital by about a third. Since the purchase price is well over twice USH's present net worth, the company was clearly unable to buy Alvis from its existing resources.

USH will repay the Alvis debt to BL out of the £27m, leaving the enlarged group with an ungeared balance sheet. Alvis is largely self-financing but, if outside funds are needed for product development, USH is clearly better placed than BL to provide them.

Alvis sales last year were nearly twice those of USH, so the purchase may pose a few digestion problems, as well as leading USH into a new era of defence contracting. But USH runs its operations on a highly decentralised basis and plans to retain the existing management. And there should be scope for using USH components in any new Alvis products.

By leaving Alvis largely intact, USH will have little room to eliminate duplicated costs. It should, however, be able to integrate the acquisition with its international marketing network and it hopes to make up the gap left by major Ministry of Defence contracts which are nearing completion.

USH shares were suspended on Thursday at 448p, which is roughly 30 times last year's reported earnings. It is buying a company on an exit p/e of about 8. fully taxed, which could well look a bargain a few years from now.



Saloon shake-out

The brewery industry loves a hot summer but this year, after a prolonged period of falling beer consumption, events on the Met. Office roof will be watched with more than usual attention.

One of the major boosts for the brewers over the past few years has been the rapid growth of the lager market which now accounts for a third of all beer sales. But there are just discernible signs that the fat margins on lager sales are starting to narrow. Scottish and Newcastle, which reported a £6m fall in annual pre-tax profits during the week at £33.1m, has clipped 3p off the pub price of a pint of its new Kestrel lager and Charrington has also cut prices in London.

This may not lead to a bitter war, but it probably presages the end of the periodic price increases the trade has been able to push through to offset falling sales.

S and N's beer wholesaling profits climbed by 23 per cent in the year to early May but the recovery after a first half volume fall was stalled by strikes at its Tyneside depots—possibly costing about £1m at the pre-tax level—and overall barrelage was down. S and N, like most of its peers, nevertheless, thinks it has picked up market share. It has successfully launched its Kestrel lager and has been encouraged by the introduction of Newcastle Bitter.

But the hotels division has been a disappointment as its trading profit contribution slipped by 74 per cent to £600,000. The group paid £23m to EMI for seven leasehold hotels and 12 Angus Steak Houses almost a year ago but the benefits of expansion have been eliminated by the recession, which has hit hotel occupancy rates particularly hard, the burden of running parallel administrative overheads for some months and by heavy refurbishment spending.

Capital spending is set to fall back this year and S and N expects to start working to cut its debts which last year grew by £40m to £132m and cost 80 per cent more o service at £15m.

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1981 High	1981 Low	
F.T. Ind. Ord. Index	548.0	+ 7.1	597.3	446.0	Secondary stocks feature
A.B. Electronic	132	+20	132	95	Selected elects. in demand
Arbuthnot Latham	340xd	+23	335	234	Bid approaches
BOC Int.	133	+11	154	101	Investment demand
British Home Stores	148	−10	184	142	Chairman's cautious statement
Brunning	83	+11	83	50	Chairman's reassuring statement
Cambridge Petroleum	363	+88	363	260	Lon. Merchant Secs. bid
Currys	190	−30	230	138	Support lacking
Dunbar Group	525	+75	525	405	Acquisition of Tower Fund
Eagle Star	326	+29	327	221	Bid speculation
Extel	202	−13	225	165	£4.22m rights issue
First Nat. Finance	36	+ 3½	37½	23½	Bid hopes
Flight Refuelling	375	+28	387	229	Aerospace optimism
GEC	760	+28	760	573	Good results
Hazlewood Foods	257	+33	357	108	Results and scrip issue
Int. Paint	160	+24	160	74	High rating in growth league
Land Securities	414	+18	433	357	Sector overlooked recently
Letraset	86	+12	107	73	Recovery hopes
Press (Wm.)	79	+ 7	80	58	Acquitted of Inland Rev. charges
Sangers	70	+ 8	77	40	Bid speculation

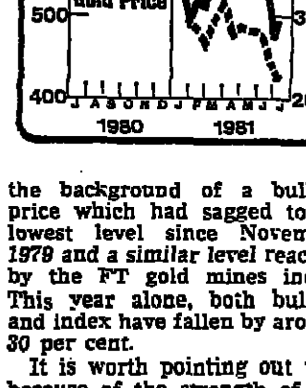
Sad start for a supermine

MINING

KENNETH MARSTON

A "SUPERMINE" appeared on the gold sharemarket stage this week with the start of dealings in South Africa's **Driefontein Consolidated**, the merger of East Driefontein and West Driefontein into what is to become the world's biggest gold mine with a yearly production of over 80 tonnes of the metal—worth more than £560m —and a life prospect of some 50 years.

But the first dealings in "Dries" began with little more than a whimper on Thursday. This was little wonder against



the background of a bullion price which had sagged to its lowest level since November 1979 and a similar level reached by the FT gold mines index. This year alone, both bullion and index have fallen by around 30 per cent.

It is worth pointing out that because of the strength of the U.S. dollar relative to the South African rand, the prices received in rands by the mines for their gold have fallen less than the U.S. bullion price.

For example, when gold was around $600 per troy ounce at the beginning of this year, the price equalled R448 in South African currency. At the recent price of $415, the South African equivalent was R370. Thus during the period the dollar price has fallen by 31 per cent while the rand price has lost 17.4 per cent.

Not that this is a great deal of comfort for shareholders at a time when many observers feel that gold could lose further ground, possibly until U.S. interest rates start to decline and the slowing down in inflation comes to an end. There are, however, one or two brave souls who think a rally is due.

Perhaps shareholders can take comfort from the fact that current dividend yields on good-class gold shares of over 20 per cent discount much of any likely dividend cuts and that it is probably too late to sell anyway. Then, too, they may take heart from the long-term confidence in gold expressed by Mr Harry Oppenheimer.

He said—in a statement published this week but written on June 15—that gold (currently $414) could find a firm base between $450 and $500 and continue on the long term upward trend. He did, however, add that speculative activity "could bring about renewed bursts of volatility carrying the price outside this trading range." which was just as well, bearing in mind subsequent events.

As chairman of the **Anglo American Corporation of South Africa** group which produces some 26 per cent of the non-Communist world's gold. Mr Oppenheimer needs to have a good deal of faith in the metal, of course, but he's rarely wrong.

In the year to March 31, the sharply higher gold price boosted earnings of Anglo and contributed 46 per cent of the year's R565.8m (£335m) investment income. This figure appears in the giant mining, industrial and finance group's latest 80-page annual report which has been readily available in Johannesburg this week but which has been delayed to UK shareholders by customs formalities at Heathrow.

For the benefit of UK shareholders who may be still waiting for their annual report, my chart of Anglo's affairs this week shows that the latest gold percentage compares with a restated 32 per cent in the previous year.

The percentage income from diamonds has dropped sharply, but this does not mean that the income received fell—in fact, it rose—it shows, of course, that gold income achieved a relatively greater importance.

As things stand, the picture is likely to change again in the current 12 months. Diamond income will probably show little growth against the background of depressed market conditions but that from gold must be falling. In all, group earnings cannot be expected to match those of 1980-81, but the dividend total seems safe enough.

Mr Oppenheimer's other great interest, **De Beers**, gives virtually the same dividend yield of 11 per cent and any reduction in its payment would be just as unthinkable as a cut in the prices for rough (uncut) diamonds which are fixed by the group's Central Selling Organisation.

At the same time, there is not much likelihood of any near term increase in prices charged by the CSO which markets over 80 per cent of world diamond production on behalf of its own mines and other producers. The CSO sales figure for the first half of this year, which is due shortly, will probably make a dull showing.

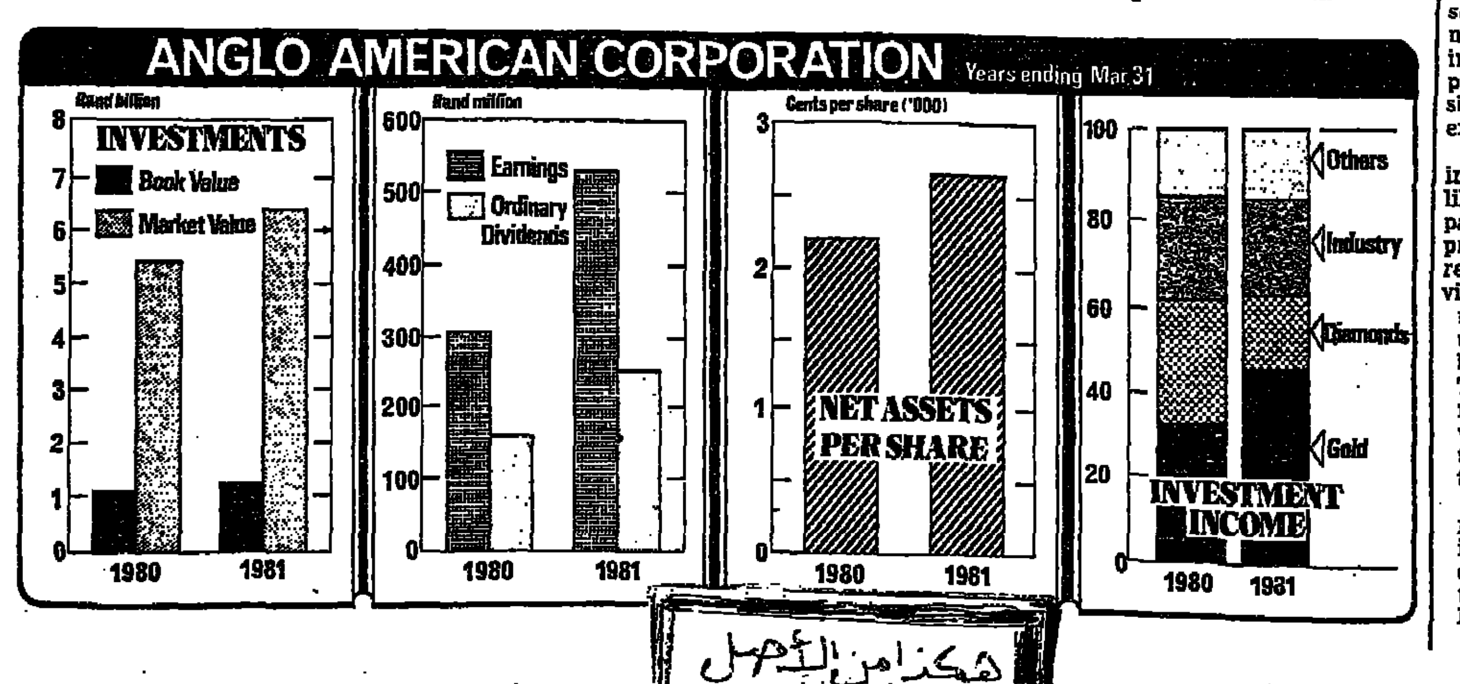
In order to check the growing surplus of world diamond production, which is being stockpiled to a large degree by the CSO, De Beers is cutting output at some of its mines and the overall reduction is believed to be in the region of 5 per cent—which is a lot of money in diamond terms.

The group, however, is still pressing on with its expansion in productive capacity which aims at an annual potential of some 19m carats by 1983 compared with the actual output in 1980 of 14.7m carats.

By early 1985 it is reckoned that the Australian Ashton diamond mining venture, which is headed by the **Rio Tinto-Zinc** group's **CRA** should have an annual production capacity of a huge 22m carats. Although the stones will be largely of the relatively low value industrial capacity, the mine will still be a force to be reckoned with.

This capacity compares with last year's total world diamond production of 47.2m carats, as recorded in the latest issue of the excellent world mining annual review published by the Mining Journal. In terms of value, however, such a production would equal something around 6 per cent of the total.

While not wishing to decry Ashton, it should be pointed out that productive capacity and sales prospects are not the same thing by any means. And unless the world demand for diamonds, both industrial and gem, improves considerably from its current low level, Ashton will find it difficult to market anything like 22m carats.



Bother and gloom

NEW YORK

PAUL BETTS

THE STOCK MARKET went on holiday yesterday with the rest of America to celebrate the Declaration of Independence. But it will take much more than a couple of beers and a jolly fireworks display to shake off Wall Street's current gloom.

To make matters worse, Chase Manhattan and First National Bank of Chicago blew a nice raspberry at the market on the eve of the July 4 celebrations by increasing their prime rate by half a full percentage point to 20½ per cent bringing the key lending rate close to last Christmas's record of 21½ per cent.

The market continues to be chiefly bothered by the continuing pattern of volatile and near record high interest rates. It is even more bothered because it feels that interest rates should be coming down but they clearly are not. They did go down a bit at the end of last month, but then they started marching up the hill again. All this despite signs that inflation is beginning to moderate, business is slowing (the Index of Leading Economic Indicators for May showed a sharp 1.8 per cent drop and mid-June car sales were a surprising 8.6 per cent down), while commodity prices and crude oil prices have continued to fall.

The price of gold, too, has taken a nosedive. Last week it went under the $450 an ounce barrier in New York dropping further this week below $420. In normal circumstances, a gold sell-off of this scale represents a big psychological boost to the stock market. But these are not normal times, and as long as interest rates maintain their present pattern, the odds of any significant market comeback are extremely long.

Against this background, interest rate sensitive stocks like banks and insurance companies have all been victims of profit taking. This sector recovered briefly last month in view of a possible decline in rates. But with the latest upswing, they have inevitably been losing ground. American Telephone and Telegraph, the most widely held stock in the world and extremely sensitive to interest rate trends, lost $2 this week.

But AT and T's fall was as much the result of rising interest rates as of a court decision awarding Litton Industries damages of $276.6m in its long-running anti-trust case against the telephone company. This was a major setback for AT and T.

The decline in gold prices also shook the gold mining stocks with many leading companies like Homestake, ASA and Dome Mines, for example, shedding one or two points. But elsewhere in the natural resources sector, the latest rash of megadollar takeover bids continued to buoy the market.

Conoco was again the big star. The ninth largest U.S. oil company, and the country's second biggest coal producer, this week launched a $1bn suit to block Seagram's attempt to gain control of the company with a $2.55bn bid for 41 per cent of Conoco's outstanding stock.

Texasgulf, the other major takeover target, also soared following Elf Aquitaine's $2.5bn bid for the company. Elf is offering $50 for each Texasgulf share which gained more than $10 since the French company's announcement last Friday.

Newmont Mining, for long the centre of Wall Street takeover rumours, continued to climb. The stock advanced more than $7 this week. Lowenstein was also active. The textile manufacturer bounced back this week when Allied, the diversified chemicals conglomerate, indicated it was again holding premilinary conversations with a view to acquiring Lowenstein. Earlier this year, merger negotiations between the two companies collapsed. But with the resumption of the negotiations, Lowenstein gained nearly $8 this week.

But althuogh the latest wave of large takeover bids provided the market with some welcome relief and excitement, it did little to wipe out the general spleen on interest rates. Ever since the oil sector lost its glow, the market has looked for leadership.

But the latest rise in the Prime has now knocked the interest-sensitive stocks off course and as one broker said before rushing off to take his train on Thursday night for the long July 4 weekend: "We have again lost our leadership." And to add to the general gloom, the market expects bad news on the money supply front when it opens again on Monday. After some recent encouraging weekly money supply figures, Wall Street expects the Fed to report a fairly good sized jump in the weekly numbers on Monday. At least the Fed showed some consideration by delaying the release of the figures until after the weekend celebrations.

Monday	984.59	—5.28
Tuesday	976.88	—7.71
Wednesday	967.66	—9.22
Thursday	959.19	—8.47
Friday	Markets closed	

YOUR SAVINGS AND INVESTMENTS—1

International politics are the key to gold price movements . . . **David Marsh** reports

Gold bugs rest in peace

TERNATIONAL GOLD bugs 1o 18 months ago were sessed with forebodings of mageddon this week were cussing their thoughts more Lord Carrington's impending ace mission to Moscow than the prospect of fresh Middle ist escapades from Mr Begin.

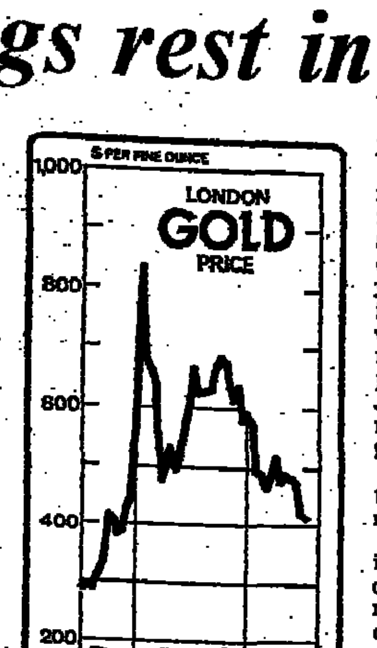
That at least is one reading the dramatic fall in the bulm price to around the $410 $415 per ounce level, about 5 down during the past fortght, $180 below the end of st year and the lowest since ovember 1979.

Of course, the steep fall the gold price since the eady peak of $850 reached January 1980 has a lot to do ith the relentless climb of the ollar as well as a sharp drop inflationary expectations.

But the main reason for the rice drop of the same magniade that occurred between the nd of 1974 and the autumn of 976 — concerns the international political climate.

At least through the redimmed eyes of fevered bullion nthusiasts, the world now ooks a much more stable place han it did immediately followg the Russian invasion of fghanistan.

As one London gold dealer ut it yesterday: "We've had Poland, Syria, and the Israeli aid on Iraq — and the price as kept on going down. None f the traditional rallying points has worked." A Swiss bullion banker—who believes gold could shortly slip to beneath the $400 level—added: "We would need a major war for the price to go up again—and there is less and less likelihood of a drastic Soviet move."



The surge in the American currency continued this week, bolstered by another hike in U.S. banks' prime rates. This sent the pound (which interestingly nearly always keeps pace with gold as the recipient of international panic funds) also spinning to its lowest overall level since the end of 1979.

Interest rates alone cannot have been the primary reason for the yellow metal's slump. As gold-owners gloomily computing losses on their non-yielding rapidly depreciating investments must be only too well aware, Eurodollar interest rates have risen only about 4 percentage points since mid-January last year—which cannot explain a $440 drop in the gold price.

The other factors depressing the metal are not particularly new.

The central banks and official institutions from developing countries which have given so much support to the gold price during the past two years have, understandably, slowed down their bullion purchases. Physical demand from the Far East—an important factor earlier this year—has dried up. Purchases from the Middle East may also slacken now that Ramadan has started.

On the supply side, South Africa, which retained large amounts of output to stock up reserves last year, now has to sell all its production this year. And the Soviet Union, which appeared to hold all the bullion aces only a year ago, also appears to be helping to depress the price by selling more of its production — partly to finance an increased trade deficit with the West and aid to Poland.

Why they're inviting you to follow the van

SOMETIME DURING the next 12 months, you may find a strange brightly coloured van parked in your local railway station or market place. If your curiosity prompts you to take a closer look, you will be confronted by a somewhat macabre "talking head" with a face and voice that will be familiar.

You will recognise BBC television newscaster Kenneth Kendall extolling you, not on the joys of life in Her Majesty's armed forces nor of the virtues of double glazing, but the advantages of using an insurance broker in buying insurance.

The efforts to bring insurance brokers within a comprehensive system of regulation are now coming to fruition after many years of preparation. No longer will anyone be able to set-up as an insurance broker and call himself such, irrespective of qualifications, character or financial status.

The Insurance Brokers (Registration) Act 1977, laid down a system regulation for

Roger Taylor

Man with the van: Mr. John C. Bowis, BIAB campaign director

INSURANCE

ERIC SHORT

okers, controlled by brokers, e authorities and with conmer interests represented. om December 1, anyone wishg to use the title insurance oker must conform with the ovisions laid down in the Act.

this way the insurance oker can present himself as a ofessional conforming to cern standards in operating his siness. In theory at least, the ys of the "cowboy" operator insurance broking should be er.

But as Mr Findlay, chairman the British Insurance Brokers sociation put it this week: egislation is one thing, public awareness is another." BIBA, having sponsored the Act to get a professional status for brokers, is now taking on the responsibility of informing the public of the benefits of this status.

So BIBA intends to spend £500,000 getting its message across using advertising in national and local press, local radio and its mobile exhibition van, described by Mr Findlay as the "flagship" of the campaign. Over the next 12 months, it will appear in about 100 places where crowds are present—shows, exhibitions, town centres and railway stations.

The City of London has already been visited—the van spending yesterday at the Royal Exchange forecourt. This weekend, it will be at the Windsor Great Picnic in Windsor Great Park.

The van will be manned by local members of BIBA whose function is to explain the services of brokers. But the message being put across is a BIBA message, not a plug for the individual's own firm. Mr John Bowis, the campaign director, is emphatic on this point. But inquirers will be able to get a list of BIBA members in their area.

The crux of the message is that modern insurance is a complex business with literally hundreds of insurance companies offering a myriad of contracts meetings all kinds of insurance requirements, both life and non-life. The insurance broker can offer the public expert and impartial advice. He can advise on the best contract to meet the individual's needs at a reasonable price.

But above all, the broker has to conform to a code of conduct in dealing with clients that ensures a high standard of integrity. He has to run his business on prudent financial lines and there is a fund available under the Act to ensure that the public will not lose financially should the broker fail for one reason or another. And there is a well defined channel of complaint and powers to discipline errant brokers.

It is a message that the public can profitably listen to.

The race for hot money

BUILDING SOCIETIES

TIM DICKSON

ILDING SOCIETY savers se days are seldom short of oice — but competition in last few weeks has been n hotter than usual.

What has happened is that ention has switched to the rt end of the market with emphasis firmly on flexity and access to cash.

The latest offer this week ne from the country's bigt society — the Halifax. der its new interest account, ers who deposit £1,000 or re receive interest at the e of 9.25 per cent net or 9.5 cent if the sum involved is ,000 or more. This comres with the recommended ilding Societies Association inary share rate of 8.5 per nt. Three months notice of thdrawal, however, has to be ven at the Halifax in each se.

What is interesting is that e building society battle for vings has now moved away om the term share arena. Not long ago building societies ere telling us how worried ey were by the large amounts money in ordinary accounts (and thus withdrawable on demand) financing mortgage loans of up to 25 years.

The strategy at that stage was to tempt more savers to tie up their money for say two, three or four years with the bait of a more attractive return.

Now, it seems, these good resolutions seem to have been abandoned in the race to pull in "hot" money. What was started by the medium-sized societies—the Cheltenham Gold account, for example, which is no longer available, gave a straight 9.5 per cent net for sums over £1,000—has turned into a free for all with even the biggest societies involved. The Woolwich and Nationwide are understood to have schemes similar to the Halifax in the pipeline.

Investors looking for the best returns should choose judiciously. Offers are complicated by significant differences in the terms but those who want a high interest rate while retaining ready access to their funds should check the following points.

- How much notice has to be given to the society?
- Is interest calculated yearly or half yearly? This can now make a significant difference to the sums. Among the top 20 societies, for example, the Leeds Permanent, the Provincial, the Alliance and the Huddersfield and Bradford all tend to compound interest annually in their short term accounts. The Halifax, which compounds half yearly, may quote 9.25 per cent net but beside the 9.25 per cent offered by the Leeds the Halifax return is equivalent to 9.46 per cent.
- Finally, is interest lost on withdrawal? A number of societies knock off 28 days interest when the money is taken away—this can clearly reduce the overall return to those who may need their cash in a hurry.

Unfair dismissal and redundancy

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Having recently been made redundant, without notice, consultation or pay, by my employers who have ceased trading, I am unsure if I can make a complaint for unfair dismissal to an industrial tribunal.

Is it correct that any protective award for lack of consultation and basic award for unfair dismissal will be taken away from anything I receive from the Redundancy Fund in respect of redundancy pay and pay in lieu of notice and that any compensatory award will only be obtainable if the employer has any funds left after priority debts are met, which is hightly unlikely?

It is correct that any sum recovered for unfair dismissal will reduce your redundancy claim. So long as you make a claim for redundancy pay within the time limit there would seem to be little point in pursuing a claim for unfair dismissal.

Employment in Germany

I am taking up employment with a West German company as their GB business manager resident in England. It is the intention of the company to pay my salary without any deductions for tax or insurance. Could you please advise the best procedure for arranging to discharge my tax and national insurance obligations? Would it be better for me to receive my salary after normal West German tax, etc., deductions?

You have not given us many facts to go on, but we take it that you are domiciled in England and Wales, and that you are ordinarily resident in the UK. That being so, your salary should be subject to full UK PAYE tax and NIC deductions at source. What your employer proposes appears to be unlawful. You should be exempt from Federal German tax, by virtue of article XI(2) of the FRG/UK double taxation convention of 1964 (as amended in 1970), and it is unlikely that the current renegotiation of the convention will result in any change on this point.

We suggest that you ask your local DHSS office for copies of the free leaflets NP15 and NP16 ("Employer's guide to NIC" and "NIC for people working in the UK for embassies, consulates or overseas employers"). You could also ask a local PAYE tax office for copies of the free booklets P7 and IR25 ("Employer's guide to PAYE" and "Taxation of foreign earnings and foreign pensions"). If you send copies of these to your employer's head office, no doubt things will sort themselves out.

The affairs of a paralytic

My sister-in-law, who is paralysed by a stroke, appointed a bank trustee department as her trustees in case of death, but the bank refuse to give any information regarding how her affairs are now being managed. A nephew who has assumed he is a principal beneficiary under her will, deposited with the bank, has been demanding her flat and most of its valuable furniture. No power of attorney has been given to anyone and while the bank have advised me they understand someone has made application to the Court of Protection to appoint somebody to be responsible for my sister-in-law's estate, they would not say who it is. My only interest is to see the right thing is done by my sister-in-law now and after her demise. Is there anything I can do?

It does seem to be the case that neither you nor the Bank appointed as her executor have any formal standing to take any action concerning your sister-in-law's affairs during her life. However, as it is suggested that an application has been made to the Court of Protection, your best course is to write to the Chief Clerk of the Court of Protection at 25 Store Street, London, WC1. It may be that there are deficiencies in the system for dealing with the property of people in your sister-in-law's condtion, but that is a matter for legislature.

Compensation for repairs

Following some repairs my car was awaiting my collection at the garage which had done the repairs. Another car crashed into my parked and unattended car and damaged it possibly beyond repair.

My car being relatively old, the proposed compensation is correspondingly low. The insurance company of the party at fault while accepting liability for compensation, refuses to pay the prior repair bill. Do you think I can put the responsibility for that bill on them?

We think that you have a reasonable ground for claiming the repair bill as part of your damages, as it is foreseeable that a car parked in a garage forecourt is newly repaired. It is not certain that this argument would succeed, but it is certainly worth pursuing.

Club meeting minutes

The minutes of the previous annual general meeting of a club to which I belong are not now as was formerly the case included as an agenda item to be put before the AGM. Is this legally acceptable?

This will partly depend on the rules of the club. It is customary to take minutes, but failure to do so may not be in breach of the club's rules if no provision is made for minuting meetings.

Emigrant to Australia's tax

I shall shortly be emigrating to Australia, and although I know there is a Double Taxation Agreement between Australia and Great Britain, I am wondering how Building Society interest will be treated. Could you enlighten me?

UK building societies are not normally attractive to non-resident investors, so it will probably pay you to switch your money elsewhere, after you settle in Australia. At current rates, your UK building society deposit or share account would yield about 8½ per cent, whereas a UK bank deposit, for example, would yield 9 per cent or so, and an investment account with the National Savings Bank would yield 13 per cent: in each case there should be no UK tax to pay (under extrastatutory concession B13).

Inter vivos gifts and CTT

I want to give my daughter one of several houses which I own. I understand that if I die within three years of the date of the gift additional Capital Transfer Tax is chargeable to bring the tax paid on the inter vivos gift up to the level of the higher rate chargeable on death. My question is would the value on which additional tax is chargeable be the value at the time of the inter vivos gift or the value at the date of my death?

The value to be taken for the assessment is that at the date of the original gift. However, where the value has fallen between the date of gift and the date of death the value at the date of death may be taken in the case of deaths after April 6, 1976: see Section 99 and 12th Schedule to the Finance Act 1976.

Disposal of a practice

Some time ago my then partner and I sold a property and goodwill in a practice for £17,000 of which £8,000 related to the property and £9,000 to the goodwill. The original cost of the property was £4,180 and of the goodwill £1,946 leaving a gain of £10,874 divided equally, providing my share of the gain at £5,437. I rolled-over £5,000 which I used to purchase a partnership share in another firm and this left a net gain of £437. However, the Inspector of Taxes is maintaining that roll-over relief is related to the gross sale proceeds and thus he calculates Capital Gains Tax as follows:—

Gross sale proceeds (my half share)	**£8,500**
Amount of money re-invested in new firm (and rolled-over)	**£5,000**
Uninvested capital	**£3,500**

The Inspector says that as £3,500 is less than the overall gain of £5,437 the assessable gain is £3,500 and upon this figure he is claiming Capital Gains Tax. Do you agree with these figures?

The inspector is right in principle (under subsection 2 of section 33 of the Finance Act 1965, now re-enacted as section 116 of the Capital Gains Tax Act 1979) but wrong in his application of the principle. You disposed "some time ago" of your interest in the old partnership's goodwill for £4,500, and applied the whole of the £4,500 in acquiring an interest in the goodwill of the new partnership (for £5,000): at the same time, you disposed of your interest in the old partnership's property for £4,000, and applied £500 of that £4,000 in acquiring an interest in the goodwill of the new partnership. Consequently (under subsection 1 of section 33 of the 1965 Act, now re-enacted as section 115(i) of the CGT Act) you can roll the whole of the goodwill £3,527 gain over to the new goodwill, leaving the whole of the property £1,910 gain chargeable for the year in which the contract was signed.

If the £1,910 gain was your only chargeable gain for the year in question, then:

(a) if the year in question was 1976-77 or earlier, the £1,910 gain attracts 30 per cent tax, subject to the alternative charge;

(b) if the year was 1977-78, £910 of the gain attracts 15 per cent tax, subject to the alternative charge;

(c) if the year was 1978-79 or 1979-80, £910 of the gain attracts 15 per cent tax (with no alternative);

(d) if the year was 1980-81, there is no tax to pay.

It is a pity that you did not say which year you are talking about.

The length of a vehicle

Under a legal settlement my neighbour is restricted to use this road which I own, with vehicles which are not more than 18 feet long.

He is using the road with vans pulling a trailer which are more than 18 feet long. Does a vehicle and trailer count as one vehicle in this case, as I think it does on the public highway?

We think that the agreement would be interpreted so as to regard the trailer and the motive power source as one, so that there would appear to be an infringement.

Analysis of complaints received by the Insurance Ombudsman Bureau in the first three months of operation. They relate to all insurance companies.

Type of Insurance	Nature of complaint: Refusal to admit claim	Amount of payment	Delay	Misc.	Disputes with third party	Total
Motor	28	36	8	25	80	177
Household buildings	45	6	7	5	—	63
Household contents	24	17	3	5	3	52
All risks	1	5	1	1	—	8
Personal accident	4	—	—	1	—	5
Life	7	31	2	9	—	49
Travel	9	3	2	3	—	17
Marine 1	1	1	1	—	—	3
Commercial	17	12	5	1	5	40
Miscellaneous	—	—	—	29	—	29
Total	136	111	29	79	88	443

Lessons of the insurance Ombudsman

PLANS ARE well advanced for the establishment of yet another system for handling complaints from the public on their insurance policies. Seven companies, including Eagle Star, Sun Alliance and the Co-operative Insurance Society, have been considering a system of arbitration with the Institute of Arbitrators if the policyholder considers that he is being unfairly treated by his insurance company.

The need for a formal system of complaints has been a subject of contention for many years. One attitude has been that the number of complaints is extremely small compared with the volume of claims paid each year, and that the complaints which do arise should be dealt with by the insurance company concerned.

Others have felt that there should be a system independent of the insurance companies. Earlier this year, three major insurance groups — General Accident, Guardian Royal Exchange and Royal Insurance, established such a system—the Insurance Ombudsman Bureau.

The Ombudsman himself, Mr James Haswell, was picked from outside the insurance industry and is guided by a council on which insurance interests will be in a minority. All efforts have been made to ensure independance for the Ombudsman, even though the Bureau is financed by the insurance companies.

The Council has strong consumer interests and is headed by Mrs. Joan Macintish, vice-chairman of the National Consumers Council. The Ombudsman has power to investigate cases and can get access to the relevant papers from the insurance company members of the Bureau.

This week the Ombudsman published certain details of the cases received during the first three months of operation. This is a short period, yet certain conclusions can be drawn from the figures.

The Ombudsman can deal only with complaints relating to insurance companies which are members of the bureau. At present only 11 groups have become members even though there is a standing invitation to all groups to join. But this has not stopped the public from sending in complaints. During the quarter a total of 443 complaints were sent and the table shows the type of complaints made.

The first message of the figures is that there is a need for a complaints system. Only 126 complaints related to member companies, yet the general public still contacted the bureau with their problems. In these cases, Mr Haswell wrote to each policyholder advising them to write direct to the chief executive of the insurance company involved.

Out of the 126 cases, the ombudsman is investigating 15. Most of the complaints made arise primarily from a lack of knowledge of insurance and the particular policy taken out. Most individuals assume that their cover is more widespread than it actually is, and get a shock when the truth is revealed.

So far so good. But it will be confusing if various combinations of insurance companies each sets up their own complaints system. The British Insurance Association needs to come off the fence and get its members together to hammer out a universal system that will meet the consumers' needs.

Those 'charges on income' may not be so simple . . .

TAXATION

DAVID WAINMAN

EVERYONE who has got as far as the third page of his Income Tax Return will know what his income is, and will also be confident that he knows the meaning of the "charges on income" to be shown there. He is sure he understands not only what they are, but how much tax relief he gets for them, and how that relief is given.

And everyone reading so bald and unconvincing a narrative at the start of a taxation article might reasonably pause to wonder whether "charges" are really as simple a matter as they might have assumed. Wonderment is fully justified.

The phrase "charges on income" is defined in the tax legislation to mean something completely different for corporation tax from its designated meaning for income tax. It is the latter with which we are here concerned.

The definition leads, through three sections in two separate Acts of Parliament, to the preliminary conclusion that a charge is one of the two kinds of payment from which the individual taxpayer deducts income tax at source. And another three or so sections will tell him what those payments are.

Interest is not one of them. Banks, building societies and life assurance companies have always been used to receiving interest gross from their customers; and individuals do not now deduct tax at source from any other interest they may pay—with the exception of interest payable to a non-resident.

Rent payable to non-residents must also have income tax deducted at source, but this does not of itself make it a charge on the income of the person paying it. There is one further feature which is essential.

A charge will only qualify as such for the payer if it also has the right characteristics in the hands of the recipient. Tax legislation indicates that it must be "pure income profit" for that recipient — a phrase meaning that he must be liable to tax on the full amount, without any possibility of setting expenses against it.

If it is merely one of the receipts which enters the calculation of the recipient's trading income, it cannot be a charge for the payer. Thus it is the landlord's entitlement to set specified expenses against the rents he receives which prevents them from being treated as charges by those paying—even where the payer has been required to deduct tax at source.

Among the payments which meet all the requirements, and also feature on many if not most tax returns are payments under deeds of covenant. Less common, but within the knowledge if not the experience of all are alimony and annuities paid by practising professionals to their retired partners.

In parenthesis, we can perhaps mention that the charges payable following a marriage break-up may be under Court Order or by agreement, and may be payable to a former spouse or to children. There is however a very specific tax disadvantage in making payments to a minor child otherwise than under a Court Order. The courts understand this, and are generally willing to put their seal on arrangements which the parents themselves have agreed, including those under which one parent may be ordered to meet the costs of a child's education —costs that may be impossible to quantify in advance in monetary terms.

Those paying charges on income deduct income tax at source, and except in those few cases where their own tax liabilities are less than the tax so deducted, they retain that tax. The reasons for that retention are easiest to explain in the case of covenanted payments of the type which do not save the payer any higher rate tax.

When grandfather covenants a net £70 to little Johnny, grandfather's liability on his higher rate and investment income surcharge assessment is not reduced. For those purposes he cannot say that his income has been reduced by £100 gross as a result of his signing the covenant. In the sense, however, that grandfather has at a cost to himself of £70 given Johnny that £70 together with the opportunity to recover £30 from the Inland Revenue, grandfather has "obtained relief at the basic rate."

Had grandfather paid that same £70 as alimony to granny, or paid it after 5 April 1981 under a charitable deed of covenant, he would be entitled to relief not just at the basic rate but at his marginal rate of tax. The mechanics for this are rather more complex.

Grandfather's investment income surcharge assessment, assuming that he is liable, will show that the charge reduces his income by £100, this giving him 15 per cent relief.

But when he examines his higher rate assessment he will find the charge differently treated. His total income is unchanged, not reduced; but the band of income taxed at the basic rate is enlarged so as to become £11,250 plus the £100 of the charge. It follows that the amount of income charged at rates above the basic rate will have been correspondingly shrunk.

That shrinking reduces his higher rate liability. If he would otherwise have been paying 60 per cent on some part of his income, he will be £60 the richer.

And our thinking needs to be only moderately convoluted to see that his retention of the £30 deducted at source had to be cancelled out, as it was by enlarging the basic rate band, if he was not to be given inadvertently a total of £90 tax relief.

Simple, isn't it?

YOUR SAVINGS AND INVESTMENTS—2

Tim Dickson reports on the boom in offshore funds as many investors see the red light

A look at the 'Wedgie-Hedgies'

"REDS under the Bed" is a familiar enough vote catching cry—but as a slogan for pulling in investment funds it is not yet widely known.

This could quickly change, however, if the possibility of a left wing Labour Government begin to look less remote.

Since exchange controls were abolished in October 1979 UK investors have been showing increasing enthusiasm for overseas currencies and overseas stock markets. Figures for the first three months of this year show that net portfolio investment — admittedly the bulk of it by institutions — had reached a peak £1.15bn outside the UK.

At the same time there has been a widespread feeling that the new freedoms offer a rare chance for private investors to remove part of their wealth from the clutches of the UK taxman.

According to a number of City investment experts, this mood has contributed to the current popularity of offshore funds, notably those located in the Channel Islands.

One investment manager has even dubbed these vehicles "Wedgie Hedgies," a phrase which marketing men one day could all too easily take to their hearts.

UK residents, on the other hand, need to be very careful before starting to slip some of their money out of what they fear could be Mr Benn's wide-ranging net. As their author freely admits, the words "Wedgie Hedgies" were penned with a large pinch of poetic licence and in many cases could be gravely misleading as a description of the offshore funds industry.

The big question — which nobody can answer at this stage —is what sort of exchange controls a future Labour administration might reimpose — and more importantly how they will operate.

The key point to grasp is that regardless of where assets are domiciled (be they, for example, in the Netherlands Antilles or had they been in the world's only underwater tax haven in the South Pacific)* UK residents always have to comply with UK law by paying tax on their income and tax on their capital gains.

It is worth considering the following:

● Investment overseas either directly into individual equities or via an authorised unit trust or investment trust is currently just about as straightforward as putting money into the UK stock market. If a future government wishes to reimpose exchange controls or discourage such activity by introducing a special tax, however, investors could be back to square one overnight. The authorities could tax the fund if it is UK based and the individual directly if they so decide.

● Investing in an offshore fund possibly provides a little more insurance for the future. As we mentioned last week offshore funds are based in many centres round the world—they are therefore subject to specific local tax conditions—but it is worth remembering that they are not subject to the same control as authorised unit trusts in the UK. (These have to comply with rules laid down by the Department of Trade.)

The only marginal advantage which offshore funds or investment companies enjoy over their mainland counterparts is the ability to pay interest gross—a point which has sometimes been stressed by the managers of the offshore gilt funds. All this does is give investors the benefit of an improved cash flow.

If exchange controls were to be reimposed, observers point out that the UK authorities will not be able to tax the movement of assets inside offshore funds. Thus an offshore trust with a fairly wide international investment brief will still be able actively to manage its portfolio in overseas markets to the benefit of UK investors.

UK investors should remember, however, that once they sell their offshore holding they will be deemed to have repatriated their assets and at this point what they choose to do with the money will be subject to whatever exchange controls are in operation.

According to some fund managers, the demand for offshore funds—particularly those investing in the Far East—has been fuelled by the belief that these vehicles provide a more direct exposure to overseas currencies and stock markets than authorised UK unit trusts. This is a fallacy.

● The most drastic step for those determined to find a hedge against political developments in the UK is to form their own offshore trust, into which assets can subsequently be transferred. The point here is that the assets should be owned legally by a non-UK resident, though the tax consultants and merchant banks who fix these things up make sure that the UK-based individual is the chief beneficiary. The advantage of this route is that the assets can build up in a tax free fund entirely free of UK taxes. It is likely, however, to be eyed suspiciously by the Inland Revenue.

Investors should make sure they get expert advice before even considering this sort of step. Given, though, that the budget raised the amounts which can be transferred free of capital gains tax, it is once again at least worth looking at trusts and the case for using an offshore trust, with the extra flexibility, is now strong. According to Mr Howard Flight of merchant bankers Guinness Mahon, only those with "substantial wealth" are likely to

"I don't know what we would do without him"

find it worth while. The fees charged by those who specialise in this sort of field are usually steep and at the end of the day the Revenue may well find a means of plugging the gap.

The consensus in the City seems to be that while there are a number of highly ingenious (and usually expensive) schemes on the market, the only way to make sure your wealth is not divided up in a future socialist utopia is to leave the country.

* Reef of Minerva, between Tonga and Fiji (Economist Intelligence Unit Report No. 61).

Richard Lambert looks at management buy-outs

Cocktails, power and risks

DO ENTREPRENEURIAL urges fizz through your veins? Could you run your business twice as well if you had a free hand? Do you wish to be invited to cocktails at Downing Street?

If the answer to all these questions is yes, the next step is straightforward. Economic recession has combined with active Government encouragement to make management buy-outs all the rage in the last couple of years. An increasing number of would-be financial backers are now clambering on to the bandwagon.

A management buy-out is a deal whereby the executive management of a company buys effective control of the business it has been running. Usually what happens is that the managers put up a sum of equity finance — equal to, say, a fifth of the total cost of buying the business. On top of this, their financial backers build a pyramid of preferred stock, loan capital and bank finance.

The net effect is that in return for a relatively small part of the total cost, the managers end up with a large part of the rewards — and risks — that go with owning their own business.

It sounds enticing, and such evidence as there is suggests that management buy-outs to date have had a good success rate. But by no means every type of business is suitable for such a scheme. And there are a number of tax and legal traps to snare the unwary.

Chartered accountants Spicer and Pegler have produced a useful booklet as a preliminary guide to the subject. There are, they say, three fundamental criteria for a successful buy-out.

● A commercially viable business must exist. The would-be entrepreneurs will have to convince bankers, customers, suppliers and workers that the operation has a good future, and will have to present a convincing business plan. As buy-outs usually involve a great deal of borrowed capital, the ability of the business to generate cash will be of enormous importance.

● There must be adequate management. The institutions providing the financial backing will often be stepping outside the banker's conventional guidelines, and winning their confidence will be a great part of the battle. They will be looking for solid competence in the particular industry in question, a high degree of motivation, and a good dash of old-fashioned flair.

● The financial numbers must make sense. This means that the price payable on the buy-out must be within the financial capacity of the new company to pay. And the buy-out team will have to provide a reasonable proportion of risk capital themselves. As a rough guide, the accountants suggest that 10 per cent of total funds subscribed must be regarded as an absolute minimum, and propositions involving 20 per cent and more are must easier to finance.

If the new company is going to have a lot of loans, there must be assets which can be charged to financiers as security. And the entrepreneur must be willing to give the financier a fair reward.

The booklet gives lots of sound guidance about such matters as company law and capital gains tax. One gap, though—it doesn't give any advice about what in some respects may be the trickiest moment of all: how to tell your present boss that you want to split off on your own. Maybe the best answer lies in a stiff drink.

Uneasy lies the Fed . . .

INVESTMENT

MARTIN TAYLOR

INVESTORS IN the London stock market will have become uneasily aware in the last few weeks that their fortunes—particularly if they hold gilt-edged—are very largely influenced, usually in the wrong direction, by what is going on in America. London stockbrokers who have been keeping themselves in gold cufflinks for years by pronouncing solemnly on sterling M3 are now required by their clients to show instant erudition about the Federal Reserve's M1-B and vagaries of NOW accounts.

Last Tuesday Dr Tony Boeckh (pronounced as in Tony Boennh) of the influential Bank Credit Analyst of Montreal gave his views on Federal Reserve policy to a seminar arranged by stockbrokers Lauri, Milbank—and they were rather alarming. Because the U.S. Government's fiscal stance is far too expansionary to allow the Federal Reserve's targets to be attained comfortably, the Fed can only hit the targets by throttling private sector credit demand. Controls on credit are anathema, so very high interest rates are the only way. And this time the Fed is determined not to repeat its previous mistakes and let the squeeze off too early.

Twice in the last 12 months the Fed has tightened credit in repsonse to excessive monetary expansion, provoked an immediate drop in credit demand, relaexd its grip and then seen money supply growth accelerate again. Now, even hough M1-B is below the target range and a slight fall in real American GDP in the third quarter seems likely, the Fed is not letting up. Its policy has become asymmetrical: when the money supply overshoots, it tightens the squeeze, but when it undershoots, the Fed does not necessarily relax.

As Dr Boeckh put things, the Fed is now on a collision course with a highly illiquid, leveraged, inflation-hedged economy. Signs of possibly serious recession are building up—retail sales are faling much faster than output, so that business is being forced to build up stocks, and expensive borrowings to finance them (short-term business credit has recently been rising at 30 per cent per annum). It can only be a matter of time before corporate America cuts back sharply.

The Fed seems to have decided not to lead interest rates down, but only to follow when recession is established. The problem then is to let the air out of the inflationary balloon slowly rather than explosively, and the timing is going to be very difficult. Unless the operation goes perfectly, lots of bankrupt casualties will be lying around, and for all their monetary determination, the U.S. authorities seem curiously unwilling to follow things through to their logical conclusion. So savings and loans are being bailed out here and there; and Chrysler, after al, is still in business.

For Dr. Boeckh the alternative is that the Fed may ease prematurely, which either means accepting defeat at the hands of inflation, or being forced to raise rates later this year to yet greater heights.

All the possibilities are pretty horid. You can console yourself either by asking (like a senior Treasury official who attended the seminar): "Do you believe the consequences are worse than the problems?" or by reminding yourself that Dr. Boeckh specialises in predictions of near-catastrophe. But neither is going to stop the Fed messing up your bond portfolio.

هكذا من الأصل

The Royal Show

The Royal Show at Stoneleigh, which is organised by the Royal Agricultural Society of England and financed by the commercial sector

The Royal Show, which has been held at Stoneleigh in Warwickshire since 1963, is a forum for farmers and a showcase for manufacturers. Despite the current economic climate and the pressures of the Common Market's agricultural policies, support for the event has not been depressed.

Cautious farmers tighten purse strings

BY JOHN CHERRINGTON, Agriculture Correspondent

BRITAIN IS now a completely integrated member of the EEC, with the exception of the monetary aspect. This situation still gives farmers a certain amount of protection, as long as sterling remains at its present level in relation to European currencies. British farmers are receiving the highest prices of any in the EEC for their output, but they have come to realise that there is unlikely to be any real advance in prices while they are contained by the limitations of the EEC budget.

Although British farmers had reaped benefits from the complete devaluation of the Green Pound in the first year of the Conservative Government, this bonanza cannot be repeated and there is very little the Government can do within Community rules to help them. So far the Government has shown no disposition to break or bend the rules in farmers' favour in a way in which some other member countries are alleged to do.

Farmers, through the National Farmers' Union, have been complaining of negative returns and financial difficulties, but there have been no obvious signs of these. Farms are still in demand and farmers' lifestyles show little evidence of destitution. However, it is the supplying industries that are feeling the pinch. Machinery and building firms are all complaining and there is intense competition in the fertiliser trade. This is not just confined to Britain though. It is a general state of affairs on the Continent and even world wide.

These cutbacks mean that farmers are not, as some suggest, losing their confidence, but that they are being cautious. Most modern farm machinery is very good and farmers no longer feel the need continually to replace it to gain tax advantages, which are often illusory. Much of the booming trade of the mid 1970s was based on this tax principle and the export of secondhand machines. This export trade was knocked out by the strong pound and dealers can no longer offer such tempting deals.

However, there are no indications of food production being significantly affected by farmers' unwillingness to loosen their purse strings. There is plenty of machinery on hand to continue for years without the necessity for a single new purchase.

There are some disturbing trends, however. There is no doubt that the prospect of the higher EEC prices has stimulated all production enormously, except for two sectors: pigs and poultry. This is a particularly British problem, because previous British policy encouraged the importation of cheap grain feeding stuffs, boosting pig and poultry production to a high peak of specialised efficiency.

Unfortunately, the high Community grain prices have made things very difficult for these sectors, particularly for the large-scale operators. Some Continental producers also have access to cheaper feeds, such as manioc—which the Dutch in particular import cheaply—and to national aids, especially subsidised interest rates.

Grain prices in the rest of the Community tend to be lower than British prices which enables Continental farmers there to undercut costs. In consequence, pig and poultry products are being sent here, helped along by the strong pound. The fresh pork market is protected by disease restrictions for the present, but poultry farmers are alarmed about imports of eggs and poultry meat — particularly turkeys from a new plant in Brittany which, heavily subsidised, could match total British demand when it comes on stream later this year.

A total of nearly 3.5m tonnes of barley and wheat will have been exported from the UK this year. This, from a country which was historically in deficit, is a reflection of the high cereal prices as incentives to production. These prices have stimulated the adoption of high input cereal farming systems based on Continental practice which have exceeded everyone's expectations.

Britain normally consumes 22m tonnes of grain. Last year over 19m tonnes were harvested as compared with 12 to 13m tonnes a decade ago. There is no doubt that 22m tonnes will be exceeded in a few years' time. However, as Britain has to import a minimum of about 5m tonnes of maize and hard wheats which cannot be grown in the British climate, exports are necessary. These have had to be heavily subsidised by the EEC to match world prices, or even more heavily subsidised in order to send them to Poland.

Grain production is also increasing in the rest of the Community, and it is almost certain that steps will have to be taken to contain production or, at any rate its cost. British cereal growers are certain to face a price freeze if not an actual reduction. The only defence they have against this is to become more efficient and produce more. It is certain that they will.

Milk has its own problems. Britain still imports about 30 per cent of its consumption of milk products, including butter from New Zealand, but the rest of the Community produces a vast excess. British farmers very naturally think that the over-producers on the Continent should be the first to suffer the penalty of over-production by lower prices. They forget, though, that they are now in the Community and the surpluses are common to all.

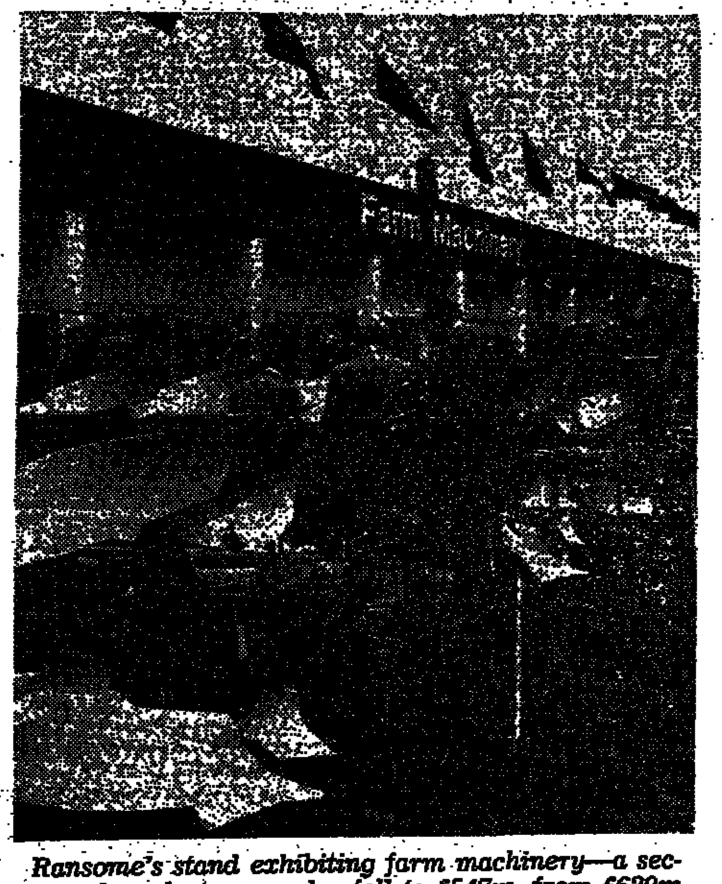
Under threat

The British milk price is sustained by the high level of liquid milk consumption. This is under threat of imports from France and other continental countries which are only kept at bay by some rather specious health regulations. If the Government, like previous British Goverments persists in its refusal to support its farmers in the way our fellow members do British farmers could face a direct European challenge to their market. How would they fare?

It is a very tricky question. In general farms are larger but in this intensely competitive situation this is no guarantee of survival, because size normally means the employment of labour. The Milk Marketing Board, in a succession of studies, has shown that European dairy farmers tend to have a lower cost structure than those in Britain because they do not employ any other labour.

Paradoxically, arable farming and, in particular cereal farming, looks a good deal more hopeful. This is because it has been shown that humid climate in Britain can, with the help of modern fungicides, greatly increase yields to levels above those in many parts of the continent which were normally better placed in that respect.

One can now see excellent crops of wheat and winter barley grown in the maritime areas of the West of England where, until recently, such husbandry was almost certain to be spoiled by diseases. This could lead to a complete reversal of the chief characterstic of British farming over the last century or so of a livestock producer almost second to none. The changes to farm structure, and the industry itself, if this forecast is accurate, could be fundamental.



Ransome's stand exhibiting farm machinery—a sector where last year sales fell to £547m, from £629m in 1979

Popular shop window for machinery

BY RICHARD MOONEY

THE ROYAL SHOW is best known to the public at large for its livestock competitions and horse trials. However, while the animals enjoy the limelight, the agricultural machinery dealers who occupy more than half the show's trade space get down to the more mundane business of making money, or at least, trying to.

It is impossible to determine exactly how much business is really done at the Show itself—there is a strong suspicion that some companies save up valuable orders so that they can announce them with maximum impact at the Show — but the Royal's importance to the machinery trade is more as a shop window than as a real market place.

The farmers who attend it may not take their cheque books but they certainly take their note-books and the seeds that later develop into orders are often sown at the Stoneleigh show ground.

In recent years the world recession and sky-high interest rates in the UK have cast a shadow over the machinery stands. In 1980 investment by British farmers in plant, machinery and vehicles fell to an estimated £547m, compared with £629m in the previous year, representing a real decline of 23 per cent, according to Ministry of Agriculture figures. The manufacturers believe the slide is now bottoming out but they still expect a further 15 per cent cut this year, despite projecting a small upturn in the autumn.

Farmers tend to use machinery purchases as an income regulator. When incomes are buoyant they invest heavily in hardware, when they are depressed the purveyors of tractors and combined harvesters are the first to suffer—and British farmers' incomes have seldom been more depressed than in the past few years. In real terms total farming income fell 24 per cent in 1980 completing a run of four consecutive declines which the National Farmers' Union claims has halved its members' earnings. Against this background it is hardly surprising that farmers have had little cash to spare to spend on new machinery.

Generous terms

The same picture has been reflected in varying degrees throughout the developed farming world. An early indicator was the drying up of the market for second-hand machines as the world's poorer farmers found increasing difficulty in making ends meet. This was reflected by an embarrassing growth in second-hand stocks in dealers yards as they continued to offer generous trade-in terms to seduce farmers into buying shiny new machines. Naturally this could not go on for ever and dealers started offering more realistic trade-in prices, but this only hastened the decline in demand for new machines and soon the whole trade was in the doldrums.

There now seems to be some light at the end of the tunnel, however, though only a dim one. Second-hand stock levels have decreased somewhat, interest rates have eased and farmers, though far from optimistic, do not expect a further drastic cut in their incomes, a least not on the scale seen recently. Manufacturers will be monitoring interest in their wares at this year's Show to see if these factors are likely to be translated into improved trade.

Would-be exporters of British-produced farm machinery have had to contend with another major obstacle, the strength of sterling. This has made the already difficult task of exporting to depressed U.S. and Continental markets profitably all but impossible. The multinational corporations have continued their export efforts in the hope of better times to come but many smaller firms have been forced to abandon the struggle.

The recent weakening of the pound against the dollar has helped exports to the U.S. but the Continental market remains difficult. Only the oil-rich Middle East has continued to be a profitable market.

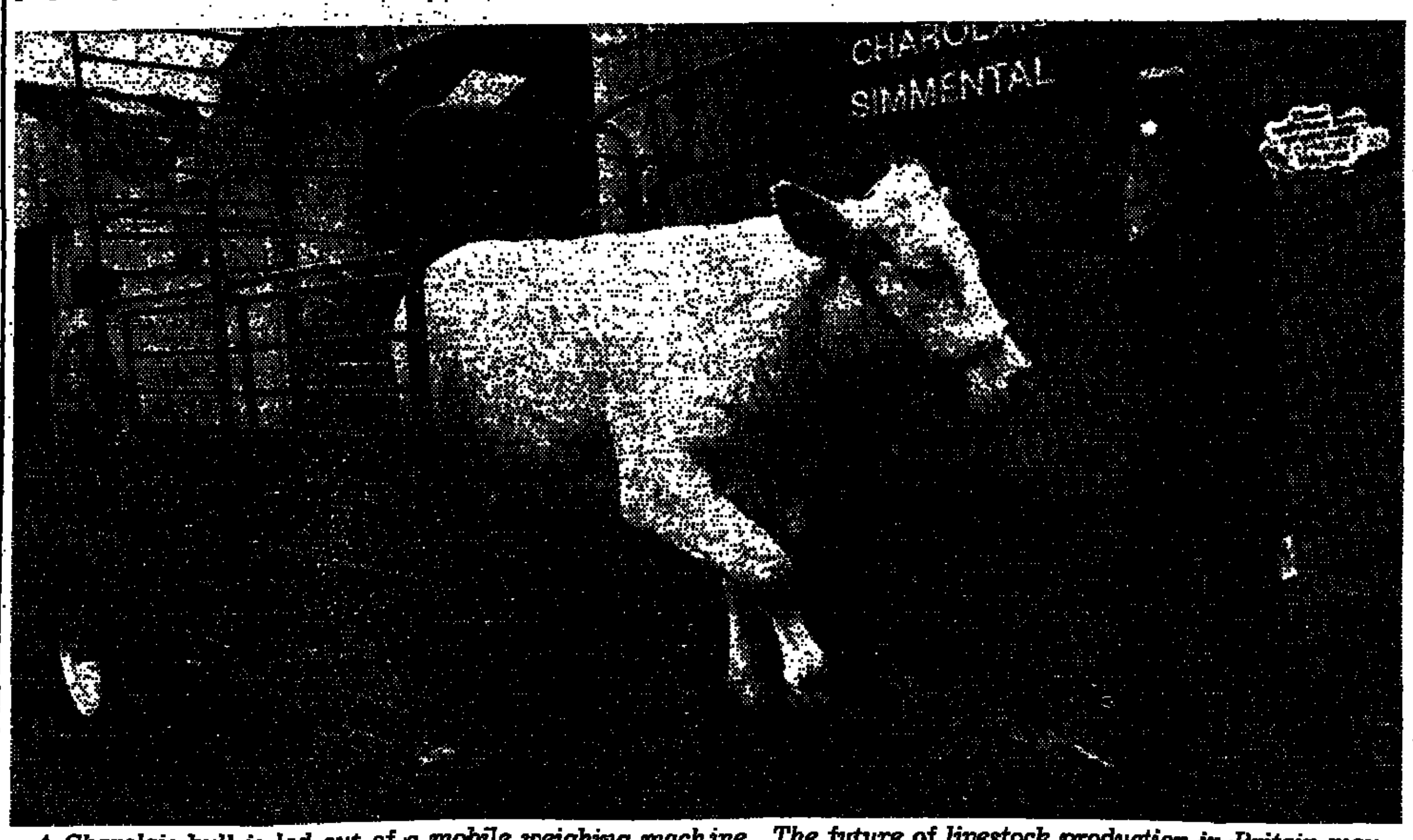
The strength of sterling would, in normal times, have provided great financial encouragement for foreign producers to export farm machinery to Britain. It may provide some consolation of the dog-in-a-manger variety to British manufacturers that the severe depression of the British farming industry has prevented this from happening. Import sales are also well down.

This bleak picture is unlikely to change dramatically in the next year and many people in the industry would be satisfied for the time being if things just stopped getting worse.

What signs there are of even a slight improvement, however, are based on what an Association of Agricultural Engineers spokesman described as "conversational evidence" rather than hard facts. The industry continues to press the Government for a cut in interest rates to relieve the investment famine in the farming industry.

Mr R. H. Filbey, president of the Association, said earlier this year that high interest rates had cut back the ability of the farming industry to invest in new equipment resulting in activity in the agricultural machinery industry slumping to its lowest level for at least two decades.

In spite of the state of the market, exhibiting space for the machinery sector at the Royal remains fully subscribed. However, the Royal Agricultural Society of England, which organises the show, says there has been a greater turnover than in previous years as some companies have dropped out and others have stepped in to take over their places. Presumably this means that the waiting list for Royal Shaw machinery space is getting shorter.



A Charolais bull is led out of a mobile weighing machine. The future of livestock production in Britain may be influenced by the recent success and growth of cereal farming

Booming success of a survivor

BY JOHN CHERRINGTON

WHEN THE Royal Agricultural Society of England was formed in 1840 the main objective of its founders was to bring the burgeoning science of Agricultural Chemistry to the aid of established farming practice. Hence the Society's motto: Practice with Science. How far the Society has been pertinent to the development of British farming since that date is arguable. What is certain is that its annual show, which over the years was the only evidence of its existence, survived through good times and bad.

Traditionally the Royal Show, in common with other major shows, travelled around the country—a course which could only end in financial disaster due to the rising costs of staging it on a fresh site for a few days once a year. Since 1963 it has been permanently established at Stoneleigh. With the Show, having been saved, the Society has had the opportunity to undertake the application of Science to Practice directly almost for the first time.

This is in no sense a criticism of previous policies. The Royal Show is the supreme competition for livestock breeders. Their entries often graduate through local and regional shows, and are then gathered in a final competition. The standards by which they are judged are traditional; set by breeders for breeders. It is a common criticism that these are not the criteria of the market place or todays farming, that they do not concern either economic production, or what the consumer wants.

Genetic improvement

This criticism is perfectly true. It is also true that the greater part of the genetic improvement of animals since the last war has had little to do with showing standards which are set by the different breed societies, which also provide the judges.

It must be said, however, that the livestock entries, while irrelevant to agricultural progress, do provide a focus of interest to a section of those paying the entry charges. After all the Miss World contest would draw few viewers if the criteria by which the selection was made were based on the genetic pedigrees of the contestants, with their good looks only contributing a minor proportion of the winning points. So it is with judging livestock. It is good fun, but that is almost all.

Well aware of this criticism the Society decided to set up the National Agricultural Centre (NAC) on the same site, where experiments and development could be continued under its aegis throughout the year. So far the different projects have failed to make much impact. This is mainly because the Society has not the resources which are made available to all other centres of agricultural research maintained by the Government through the Agricultural Research Council, the Universities and the commercial firms. Nonetheless, modest though the different projects at the NAC are, through their very modesty they relate much more to the average farmer's expectations than do the streamlined demonstrations backed by big money.

Husbandry

It is also very difficult for the NAC to provide examples of cultivation and husbandry techniques applicable to all parts of the country. Few realise just how infinitely variable are the qualities of British land, and the vagaries of the climate. The Society, recognising this, has become involved in some outside demonstrations.

It would be appropriate, though, to approve the initiative of setting up the NAC. It is beginning to draw farmers to visit it throughout the year, and to make increasing use of the conference and other facilities it provides.

However, the financing of the whole enterprise still depends on attracting enough support from the commercial sector to bring in the crowds to the Show. In this there has been considerable success. The Show is now huge and some of the stands seem to have little relevance to farming. A conscientious visitor needs to be at the peak of physical and mental fitness if he is to explore the Show with any thoroughness.

What the occasion does provide is an ideal forum in which farmers from all over the country can meet and exchange ideas about the situation of farming and of how it is affecting their lives. Farming is a closed community and farmers have an identity of interest which I don't believe may be found in any other industry. Who has ever heard of an industrialist inviting his competitors to his factory and disclosing his latest processes, without having patented them first of all?

Farmers, however, don't patent best ideas; they share them with their neighbours and, indeed, insist on doing so. This is a world-wide phenomenon and probably accounts for the fact that food commodities are generally in excess of effective demand — a subject that will probably form a basis of a good deal of discussion at this year's Show.

PROPERTY/GARDENING

Miami hodge-podge

BY JUNE FIELD

LAST FRIDAY morning at the freshly styled Fontainebleau Hilton on Miami Beach's new $56m-plus man-made shoreline (nearly ten miles of golden sand brought in to counter erosion from the earlier real estate boom along oceanfront resorts), I talked to Florida's Secretary of Commerce, Mr Sidney Levin.

We spoke mainly of last year's record figures for the Sunshine State—foreign trade $16.8bn (eight times the 1970 figure), 36m tourists including 2.1m foreign visitors, and a tremendous growth of various major property redevelopment schemes in Greater Miami, where the Downtown area is one of the most rapidly growing districts in the U.S. Another plus is that foreign banks have moved in because of the recent International Banking Facility legislation, which means that the area is able to compete with off-shore tax havens.

All this, plus the frankly discussed drugs and violence scene, over eggs sunny side up, bacon and hash browns (potatoes fried to a crisp) was faintly unnerving. But business breakfasts, early-morning air tours, and Bankers' Club lunches are an accepted part of the Florida-style, where even in 90 degrees-plus heat, everyone, in the main, is formally "suited-up." And it was all part of a property promotion to encourage the British to invest further in Miami, whose name derives from the Indian, meaning big or sweet water, and is a portmanteau term for Miami, Miami Beach, and a dozen satellite communities. It is a sprawling hodge-podge city of Americans, Cubans of long-standing plus the more recent influx, Europeans, blacks and Haitians, as well as Old Guard Miamians whose social activities are faithfully reported in the society magazine The Social Calendar.

Explored in depth, in what are termed the good areas, Miami has a lot going for it. Attractive new shopping arcades to compete with the elite Palm Beach's Worth Avenue—Bal Harbour, set in a profusion of flowering plants and coconut palms; Mayfair-in-the-Grove in the fashionable Coral Gables/Coconut Grove district, where I had lunch at the Italian Pronto restaurant by pools and fountains; and Omni International at Biscayne Boulevard, where 165 shops are built around a carnival-carousel and a 20-storey hotel.

The latest British agent to represent Florida residential property is Pearsons, through its London offices and 23 regional ones. Chartered surveyor partner Mr Peter Cranham's major offering is the $225m development, the Towers of Quayside on the waterfront at Biscayne Bay. The first tower sold out in a day; tower two, where I saw people moving in, is just being completed and the next two towers are under way.

The ebullient builder-entrepreneur, Mr Stephen Muss, owner of the Fontainbleau Hilton together with Roland International, whose real estate investments exceed $50m, calls living at Quayside "the ultimate experience." That is, there is not only the to be expected luxury labour-saving equipment, but he has planned little extras such as a breakfast-in-bed delivery service from the tower's own restaurant, and valet-parking service that whisks away your car as soon as you get out.

For shopping there will be an Amsterdam-built water-taxi to take you Downtown, and a sophisticated electronic security system of lasers and photo-electric cells instantly transmits a signal through the computer to alert a security patrol to an intruder in 60 seconds. Your medical records are fed into the computer too, so that if you are suddenly taken ill, the appropriate medical aid can be quickly dispatched. There are "trouble - buttons" in each apartment, and security personnel are trained in cardiac pulmonary resuscitation. To make sure that you get some exercise after all this pampering, there is a health spa planned with special weight-reducing facilities. A swimming pool and *jacuzzi* (whirlpool bath) are already there, with grass tennis courts and a marina to come.

Prices for a one-bedroom apartment with a convertible room that doubles as a den or spare sleeping area, are around £84,000, with a three-bedroom, three-bathroom penthouse about £150,000.

I flew Air Florida, with a Rolls-Royce to deliver me to and from Gatwick airport, part of the new first class service if you live within six miles of Central London. For a similar inspection trip, serious enquirers should contact Peter Cranham, Pearsons, 1a Grafton Street, London, W1 (01-499 2104), who can supply all the necessary financial documentation. Four days free accommodation can be arranged at the Fontainebleau Hilton, and those who buy will be given a free first class return ticket to Miami for their next visit. Pearsons also have an association with a Boca Raton broker, and can arrange for those interested to be met at Miami airport and driven or flown to see other apartments and houses in the area. Details on flights can also be had from Mr Ron Davies, Vice-President of Sales, UK, Air Florida, 3 Woodstock Street, London, W.1. First-class to Miami single is from £320.

The Towers of Quayside, on the waterfront at Biscayne Bay, Miami, luxury condominium complex where apartments are for sale from £84,000. Portfolio and inspection trip details by Air Florida's new first class service to Miami which includes Rolls-Royce transport from the centre of London to Gatwick Airport, plus free accommodation at the Fontainebleau Hilton, from Peter Cranham, Pearsons, 1a Grafton Street, London, W1 (01-499 2104).

Choice of country homes

"HOLD ON—for better times are surely coming", is the advice given by one agent, commenting on the current over-crowded country residential property market, which suffered a false dawn in January and February, when agents everywhere reported considerable pre-season activity.

"This improvement was not really carried through into the spring," insists Mr Richard Field, marketing director of Savills, admitting that their country offices have found that modern houses in the £50,000 to £80,000 price ranges are still difficult to sell, although the demand for period character properties is showing signs of improvement.

"Country houses in the range of £100,000 to £175,000 with five to 10 acres, perhaps lived in by senior executives, have been slow to pick-up: if the owners are suffering from problems which the recession has inflicted on their business — then so are prospective buyers in the same category."

Savills summer Property Supplement includes 127 London, country and agricultural properties, valued overall at some £22½-million. For the first time the 10,000 print-run glossy magazine-style offering (distributed to Savills' 15 British offices, two European branches, some 2,500 solicitors, bankers and accountants), has some editorial content. It also gives examples of house building, home extensions and insurance costs. (The publication is free: Mr Field, Savills, 5 Mount Street, London, W.1).

There is an appreciative tribute to this column, and my taking them to task for not quoting enough price guides is noted and acted upon, Richard Field (no relation incidentally), agreeing that not quoting prices is a justifiable criticism of estate agents by the public and a constant source of irritation.

"Everybody is fascinated by property, their own or other people's, and interest and fun is derived from guessing the price of a house, and more to the point, comparing it, where relevant, to one's own." As he concludes, although the firm respects vendors' sensitivity about people knowing the price they are asking, it is not too difficult for anyone to find out. And if the price is left out because it seems absurdly high, then vendors have only themselves to blame if they have to wait that much longer for those better times.

My only suggestion for the next supplement is could we have an index by place please, as well as the useful "keyed" map which shows the situation of the property within the county concerned. It would be a help for quick reference, and an instant reminder that Tolleshunt, Major is in Essex (five-bedroom, 17th century, moated farmhouse in 2¼ acres, £105,000). Middle Wallop is in Hampshire (five-bedroom village house with a barn, £80,000), and Fakenham in North Norfolk (terraced country cottage, £18,500).

Pastel thoughts in a green shade

BY ARTHUR HELLYER

STRONG colour can be exciting for a time but if used in excess it soon becomes tiring. Either it needs to be toned down with softer shades and plenty of good green foliage or confined to small areas where it can be enjoyed for a while and then left for quieter scenes. Whenever I visit Sissinghurst Castle I am impressed by the good sense of confining most of the really bright reds, oranges and yellows to the little garden in front of South Cottage where Harold Nicolson had his study, and separating it from the subtler harmonies of the rest of the garden by substantial hedges.

The astrantias rank high in my estimation as plants to counterbalance strong colours. They are completely distinctive in style, the tiny flowers packed into pin-cushion clusters each surrounded by a ruff of bracts in matching colour. This is usually green and white but in *Astrantia maxima*, which has the largest flowers, up to 3¼ in in diameter, the anthers, which always protrude beyond the flowers, are purple; and in *Rubra*, which some authorities say is a variety of *A. major* and others relate to *A. carniolica*, this purple colour, like the stains of burgundy on green damask, extends throughout the whole flower.

It is my favourite astrantia, neat and erect in growth with specially neat flowers carried in good clusters. There is also a splendid variegated astrantia, upstanding and bold, its leaves composed of five long finger-like lobes which combine two shades of green with cream and white.

I must warn intending buyers that the naming of these plants is confused and so it is wise to select what one wants while they are in flower. I find them all easy to grow but my soil is heavy and moist and some kinds, *Astrantia maxima* perhaps most of all, might prove more troublesome on lighter, drier soils. All my plants are in full sun but astranias will also grow well in light shade.

Aquilegia is another family in which one needs to select carefully if one is to acquire precisely what one wants. All kinds grow readily from seed and many cross readily with one another. As a result names are numerous and often confusing. I find it difficult to distinguish between the McKana, Monarch, and Mrs Scott Elliott strains, all of medium height and with long spurred flowers in a wide range of colours which, even when they are red, are never glaring.

One can buy seed of any of these, cut the flowers off any that do not please and leave the rest to seed themselves, which they will do freely in any soil that is reasonably well drained and in sun or shade.

I am perhaps perverse in preferring the old fashioned *Aquilegia vulgaris*, the common columbine of cottage gardens, to any modern hybrids beautiful though these are. Critics may call this common kind squat or dumpy but such descriptions sound less damaging when interpreted as "short or compact." The flowers are short spurred and the colours are always restful, including delicate shades of mauve as well as soft blues and muted purples. I have one which is exceptionally tall and white, able to mingle its flowers with rose Matangi which needs a little cooling down but I have no idea where it came from. Maybe it is a chance hybrid which just happened in my garden. On the whole I do not like flowered aquilegias but I make exception for Nora Barlow with flowers which at a little distance resemble those of a pink astrantia though closer inspection reveals them to be quite different and composed of narrow overlapping petals combining pink and pale green.

Alchemilla mollis requires little recommendation since flower arrangers have made it a universally known and admired plant. It is as cool in colour as one could wish, a combination of sage green leaves and greenish yellow flowers carried in splendidly profuse sprays. Heavy dew or a shower will bead the leaves with diamond bright drops of water which congregate around the edges. The one fault of this plant is that it scatters its seeds rather too freely and the seedlings become firmly anchored so quickly that they can be difficult to dislodge where they are not wanted. This nuisance can be reduced, though not entirely eliminated, by cutting off the flower sprays as soon as they fade.

The meadow rues or thalictrums specialise in elegant foliage and fluffy flowers. *Thalictrum aquilegifolium* is so called because its leaves closely resemble those of an aquilegia. It is an excellent plant with two garden varieties one called Album the other Purpureum to indicate the colour of the stamens which are the most conspicuous part of the large flower heads. *T. dipterocarpum* is taller and more closely formed with sprays of little lilac flowers with protruding yellow stamens. At Sissinghurst Castle it is planted with *Rosa moyesii* to which it is a wonderful contrast in style and colour.

Hardy geraniums can be as hot and riotous as you please, *Geranium sanguineum* and *G. armenum* (I hate the new name psilostemon) being quite aggresively magenta and in need of very careful placing. But there are plenty of cool shades as well, soft pink Russell Prichard among them, one of the few hardy perennials that will flower non-stop from June to October.

Among the blue kinds I grow the double flowered variety of our native meadow cranesbill, *G. pratense* and also Johnson's Blue, another garden variety with single blue flowers. Neither of these seeds itself with me, but Silver Queen, a slightly taller variety with palest lavender flowers, spreads freely all the seedlings exactly resembling the parent. It is odd that so prolific and attractive a plant seems to have been completely ignored by nurserymen.

Heucheras and their allies tiarella, heucherella and tellima are all good plants for breaking up solid masses of flower or foliage. *Tiarella cordifolia* is ideal for edging or ground cover, happiest in semi shade provided the soil is not too dry. It quickly forms a carpet of rounded leaves covered in May and June by sprays of tiny cream flowers. The perfect companions for this are the taller pink flowered *Heucherella*, Bridget Bloom, green flowered *Heuchera* Greenfinch and *Tellima grandiflora Purpurea* with similar rounded and scalloped leaves which change from green to bronzy purple in winter. The small creamy buff flowers of this tellima (*grandiflora* seems a very strange description for them) are rather dull but they do tone down bright colour most effectively.

هكذا من الأصل

TRAVEL/MOTORING

Around rebel country

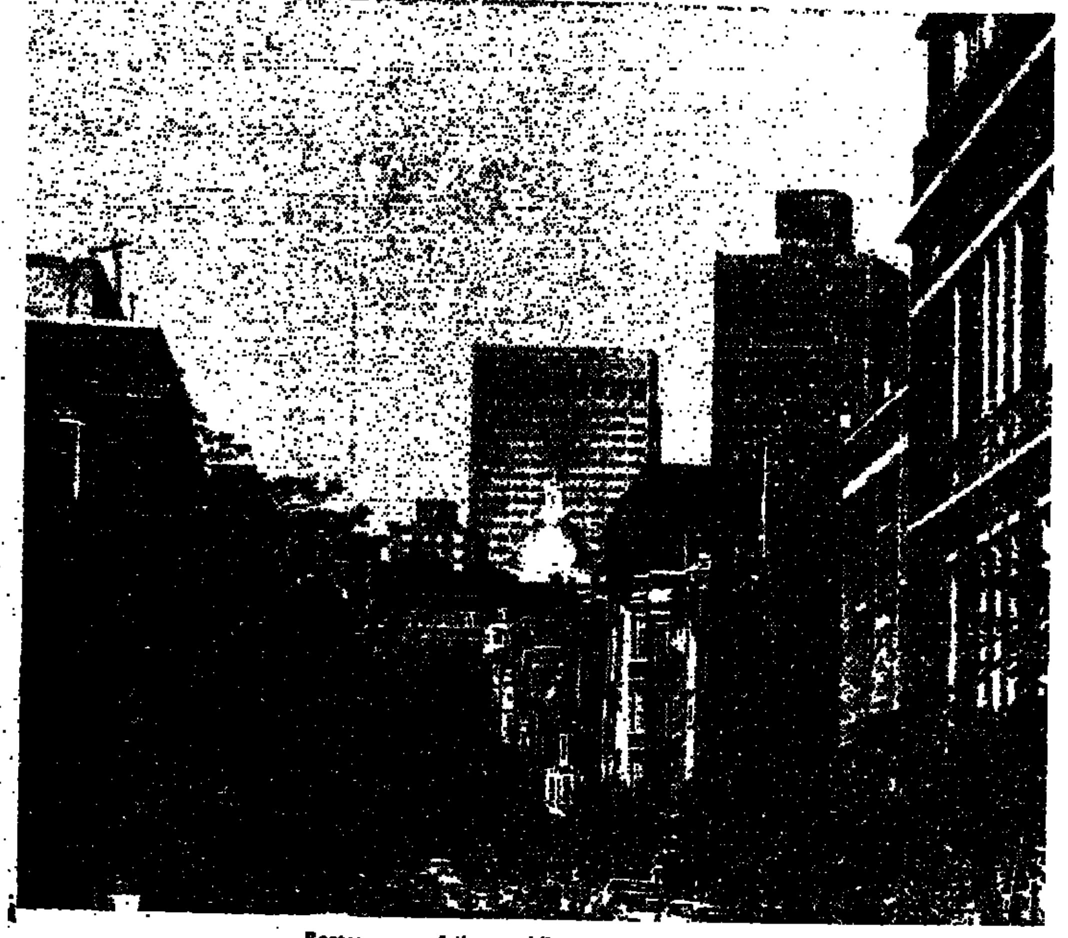
By ARTHUR SANDLES

TODAY, if one can ignore Wimbledon for a moment, is American Independence Day. Any European visitor to the north eastern U.S. now, some 200 years after the conflict between London and the rebellious colonials, might perhaps be more impressed at the remarkable belief among the British at the time that they could win, rather than be daunted by tales of local bravery.

There we were, fighting a defensive action on a land mass 2,000 miles from home and, eventually having to do so against the combined supportive efforts of various European neighbours as well. That Britain retained a presence above the 49th parallel and in the Caribbean is surely more impressive than the fact that she lost if the land which eventually gave birth to the Shuttle and McDonalds hamburgers. Not for the last time the Americans were successful, thanks to determination in the face of a lack of true political will on the part of the British and deep underlying divisions among the colonial powers.

I take this unpopular defensive stand simply on the basis that the war (if you are American it was a revolution, if British it was a War of Independence) was not the one-sided story that is at some times painted. This conflict, perhaps more than most, was marked by incompetence on both sides and Britain, with France, Spain and the rebels ranged against her, was hardly a colonial Goliath facing a brave young David armed only with revolutionary diapers.

All this is now some two centuries ago. The Declaration of Independence was in 1776 but the war did not reach its conclusion until 1783. Today the various battle grounds make fascinating visiting. Only a few months ago I wandered on a blustery autumnal morning over the fields of Valley Forge, a comfortable picnic drive from Philadelphia, and through the October mists one could visualise the massed army of the rebels. This was no disciplined, well-shod, fighting force. Washington headed a dishevelled crew of ragged boys. They had been battered at Brandywine and may have dealt something of a counter blow at Germantown, but in the autumn of 1777 they began a cold wintering of near starvation and local hostility.



Boston: one of the world's most walkable cities

Now, in a July London, I can look at the snapshot of me outside Washington's headquarters—taken by a helpful local. I look, and felt, very very cold, and the headquarters building looks small and inhospitable. It must have been a nasty winter for all concerned.

Americans tend to be extraordinarily self-conscious about their own history, believing it to be relatively recent and therefore beneath European contempt. This is, of course, ridiculous. The land between Charleston, South Carolina, scene of one of the first major successes of the rebels against the British army, and Boston, the real heart of early British rule, is dotted with buildings and historic sites which would command attention wherever they are located.

Boston itself is one of the world's pleasantly walkable cities, and well worth the traveller's attention. The ease of getting to the city centre from the airport (I have done it just to have a meal between connecting flights) is enough to commend it in these hectic travel days, but it is also rich in things to see and in that indefinable thing, atmosphere.

If you are a perambulating holidaymaker, rather than one of those who simply prefers the sun and a run of sand, there can be few more rewarding stretches of coastline than this quite astonishing region. To visit it is to see why there was so much fuss about it. Small coastal towns—New Bedford, Salem — offer sheltered harbours, at one time for traders and later for great whaling fleets. What are today much larger cities, Boston and New York themselves, New Haven, Newport, Norfolk, and Charleston may have grown hugely but still have small corners of retained history. American communities are above all impressively enthusiastic about their own local history. Show an interest and you will find yourself an embarrassment of friends (in fact there are whole areas of Boston older than any comparable area in England).

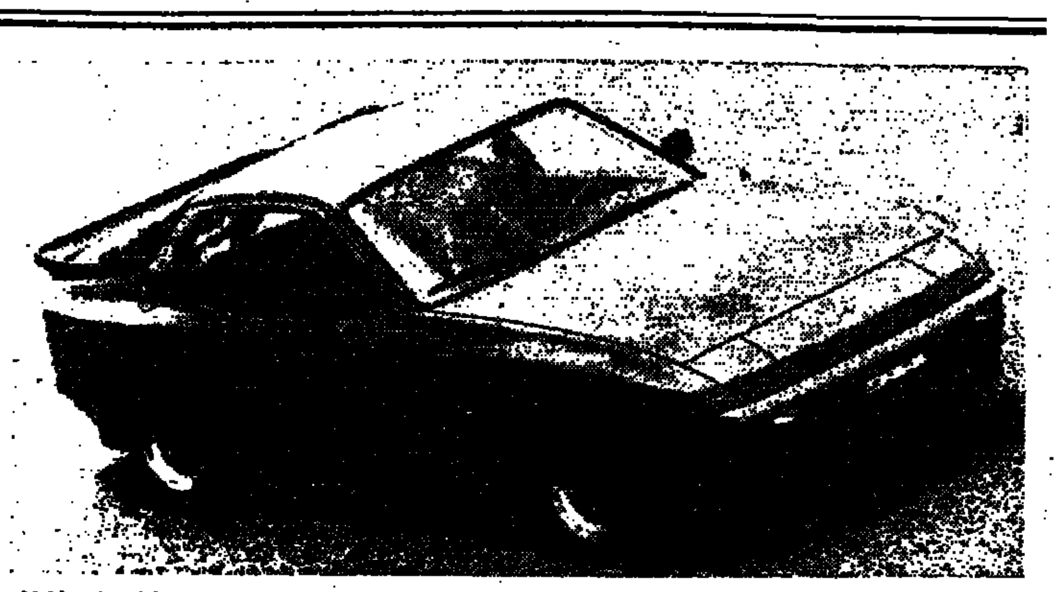
From these harbours the fingers of European exploration and distant greed felt their way into the American continent. As the explorers themselves put down roots and demanded greater freedom from far-away crowns, so this string of harbours and inlets became the nesting place of America's putative navy, the privateers, and provided a challenge and irritation for what eventually became an enormous British fleet which was given the task of isolating the Americans from their continental European allies.

The revolutionary war was lengthy and covered a huge geographic area. Curiosity about it, therefore, cannot be satisfied by one brief holiday trip. If your interest is recreational rather than historic I would tend to direct my trip to the most convenient time of year. If you go in the spring then head south, starting perhaps in Philadelphia and wandering down into Virginia and the Carolinas—I should warn that there you are likely to get drawn into the somewhat bloodier and perhaps more romantic Civil War. If it is more convenient to go in the autumn then there is no question but the route to take is into New England, catching both the history and the colours of the fall.

The one time not to visit this particular part of America is the weekend of July 4. It is far too hot. Better by far to stay in cool Europe and read a good, revolutionary, book—or perhaps even watch Wimbledon.

A star of the show

BY STUART MARSHALL



Making its debut at the Frankfurt Show in September—the Porsche 944, a 137 mph, 30 mpg sports car with a very large four-cylinder engine

A CAR that reaches 137 mph, accelerates from a standstill to 60 mph in a fraction over 8 seconds, and returns 30 mpg in normal use sounds like a rare combination of virtues. But that is what Porsche claim for their model 944, which will make its debut at the Frankfurt Show in September.

It goes into production at the end of the year and will be on sale in Britain next spring. The 944 is based on the 924, of which more than 100,000 have been sold in the past five years. It will cost a little more than the 924 Turbo, currently listed at £13,998 in Britain.

Powering the 944 is a new 2.5 litre, 163 hp four-cylinder engine that reflects a lot of the research and development Porsche have been carrying out on their own behalf and for the German Ministry of Technology. Its compression ratio is an unusually high 10.6:1. Though it develops 40 more horsepower than the 924's engine, the fuel consumption is little greater. Because it has a flat torque curve (that is, it pulls most strongly over a wide speed range from 2,500 rpm to 6,000 rpm) it should work particularly well with automatic transmission.

It had been rumoured that the new Porsche four-cylinder engine would in essence be one of the cylinder blocks of the 928 model's 4½-litre V-8. While that is a considerable over-simplification, the new engine does have some design similarities, hydraulic tappets and a belt-driven overhead camshaft among them. To avoid any lumpiness from their large four-cylinder engine, Porsche has taken a leaf from Mitsubishi's book. Like the "Astron" engines used in the larger Mitsubishi Colt cars for several years, the 944 engine has a pair of balance shafts hidden low down in the crankcase.

Driven from the crankshaft, they rotate in opposite directions, damping the vibration and roughness which so large a four might otherwise produce and which would not be appreciated by buyers of £14,000 sports cars. Porsche say the engine as a result is even smoother than the 924's two-litre.

Other desirable features of the 944 are a 12,000 mile interval between servicing and a seven-year anti-corrosion warranty, made possible by constructing the body entirely from hot galvanised steel sheet.

The new Porsche 944 promises to be one of the star turns at the Frankfurt Show from September 17-27. Frankfurt is even more of a major event than usual for the European motor industry this year because none of the other big international shows is being held except for Geneva, which took place last spring. Our own Motor Show is resting for 1981 though Motorfair, supposedly a dealer show but supported by the industry, is on at Earl's Court, London, in mid-October. BL are using it as the launch pad for their joint venture with Honda, the Triumph Acclaim.

Although no other manufacturer has yet followed Porsche's example and made public full details of a 1982 model, a lot of information has been leaking out in European specialist magazines.

Last March, a French motoring monthly blew the gaff on Renault's new saloon (not hatchback) model which it said would be called the R10 in Europe, the Sierra in the U.S. Snatched pictures showed it looking like a stump-tailed cross between a Renault 18 and Peugeot 305. Engines of 1.1 and 1.3 litres capacity were spoken of (the former, one assumes, only for France), with a 1.8 litre for North American buyers. All will be revealed in September.

The German motoring magazines have been equally forthcoming about the replacement for the BMW 5-series saloon, due also at Frankfurt, and the front-drive car to take over from the Opel Ascona/Vauxhall Cavalier.

The new BMW 5-series looks remarkably similar outwardly to the present one. It is said to be considerably roomier inside and to have a larger boot. Performance is helped by detailed body refinements to make the car aerodynamically slipperier.

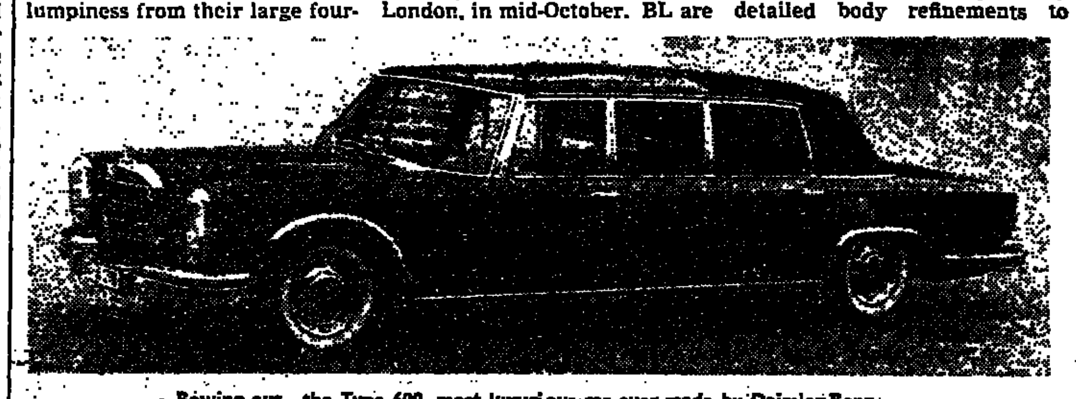
Just like the Opel Kadett/Vauxhall Astra which was introduced two years ago, the new front-wheel drive Ascona/Cavalier will make its bow simultaneously as a four-door saloon and five-door hatchback.

The saloon is clearly a relative of the current Opel Rekord whereas the hatchback, if not the Rover 3500 *doppelganger* that had been hinted, has a certain look about its tail end that calls Solihull to mind. An all-new overhead camshaft engine of 1.6 litres will power the cars.

The new "baby" Mercedes for the U.S. — a misnomer because it is not much smaller than the present "compact" Mercedes, though a good deal lighter — is most unlikely to be at Frankfurt. Its launch is scheduled for early 1982. But this week Mercedes announced that production of their enormous 6.3 litre, V8 engined type 600 is ceasing after 18 years. Fewer than 2,700 of these 18 ft long, 2½ ton giants have been produced in saloon and limousine versions for the tycoon, pop star and international statesman market.

I drove one once. About 10 years ago I tried a 600 round the "mountain" circuit at a Surrey test track normally used for developing military vehicles. Despite its formidable size and solidity, it steered so well, and clung to the sharp curves so tightly, that lap merged into lap in a continuous wail of smoking tyres. Chauffeurs must have found the 600 a lot of fun when the boss was in bed, not in the back.

Would anyone care to bet that there won't be a super limousine version of the new S Type Mercedes 500 at Frankfurt? I cannot see Daimler-Benz leaving Rolls-Royce a clear field with their Phantom VI in the top people's prestige stakes for long.



Bowing out—the Type 600, most luxurious car ever made by Daimler-Benz

CHESS

LEONARD BARDEN

THE WORLD Chess Federation (FIDE) has postponed the Karpov-Korchnoi world title match for a month, from September 19 to October 19, to give the Soviet authorities time to deal with FIDE's request that Korchnoi's wife and son should be allowed to leave the USSR. Fridrijk Olafsson, the FIDE President, explained that he wants to do everything within his power to ensure both players enjoy as far as possible equal conditions. Oldfsson visited Moscow some weeks ago and had several talks with officials in an attempt to have the matter cleared up before the match.

So the chess world now waits; *and of course the question is* already being raised what will happen if the Russians dig in their heels and Korchnoi's son Igor remains in his labour camp serving a sentence for evading conscription. Olafsson's statement implies an equation: no release of the Korchnoi family means no match. It could yet come to that. The USSR Chess Federation has now countered by demanding an extraordinary FIDE congress to annul Olafsson's "incorrect decision" which it claims has "a political character." Judged by similar occasions in recent years over Fischer's demands for rule changes and the exclusion of South Africa, the debates at such a congress will be stormy and the voting close. In such matters FIDE has little to learn from the UN General Assembly.

Meanwhile there has been a reasonably positive outcome to the case of Boris Gulko, the leading Russian grandmaster who wanted to emigrate to West Germany to become a trainer with a club in the Bundesliga. For several months Gulko became a "non-person" omitted from tournaments and even from the national ranking list. At the Malta Olympiad many chess journalists protested to the USSR Chess Federation president, ex-cosmonaut Sebastianov, about Gulko's treatment. Sebastianov told them it was nothing to do with him—but a few discreet months later, Gulko's name reappeared in the rankings and just this week he has won the Moscow championship ahead of several strong grandmasters.

That Karpov expects the match to take place was shown a few weeks ago when he visited the match site at Merano in Northern Italy for two days to inspect the facilities. A group of Moscow experts also turned up to analyse the drinking water, report on weather conditions and local politics, and make arrangements for container transport of Karpov's books from Milan airport to the villa where he will stay. It was reported that the Soviet group, as at Baguio three years ago, will include grandmasters Balashov and Zaitsev as analysts plus a personal cook. No mention, as yet, of parapsychologists.

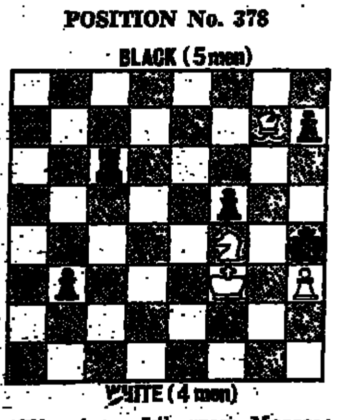
Another Karpov aide, the journalist Alexander Roshal, turned up at the Bad Kissingen tournament where Korchnoi outclassed a strong field and went away suitably impressed. Karpov himself has ceased tournament activity prior to the match, but Korchnoi is still playing on. His latest event, finishing around now, is a double round in Las Palmas where his opponents include Larsen, Timman and Seirawan; and apparently he plans one or two tournaments more between now and the match. Whether all this is wise preparation remains to be seen. Currently Korchnoi is in peak form but at 50 years of age the risk of burning himself out before he sits down to meet Karpov must be considerable.

As for Karpoc, it is surely in his interests to use his personal influence in Moscow to resolve the current difficulties. For if the match fails to happen, it can only mar Karpov's reputation which, as regards tournaments, is already the most illustrious of all the world champions dating back to 1886. From the sporting viewpoint the one blemish he needs to overcome is his indifferent play and narrow victory in the 1978 Baguio match. That can only happen if Karpov takes on Korchnoi again and shows the chess world that there really is a difference in class between them.

The upheavals at Baguio have been fully documented in a new book *Chess Scandals: the 1978 World Chess Championship* by E. B. Edmondson (Pergamon, £7.50) which also has commentaries to all the games by Mikhail Tal. Edmondson, formerly Bobby Fischer's manager, was one of the match jury and gives some fascinating details of the changing moods of the principals during the match and the political infighting during the numerous disputes.

POSITION No. 378

BLACK (5 men)



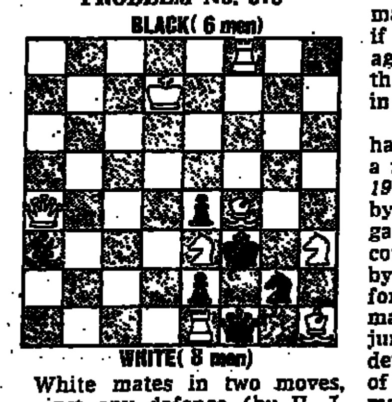
WHITE (4 men)

Gligoric v. Liberzon, Moscow 1963. Black moved, 1 . . . K-N4; 2 K-N3, R-KR3 (stopping P-R4 mate) and the players soon agreed a draw. After the game, an expert spectator said to Gligoric "You would have lost if he had played 1 . . . R-QN3; 2 B-Q4, P-N7." "No, in that case I would have won" replied the grandmaster. Later the position appeared in a chess column and two readers wrote "Gligoric is wrong; after 2 . . . P-N7 it's still a draw."

Who was right—(a) the spectator, (b) the grandmaster, or (c) the readers?

PROBLEM No. 378

BLACK (6 men)



WHITE (8 men)

White mates in two moves, against any defence (by H. J. Tucker, 1919).

Solutions Page 12

BRIDGE

E. P. C. COTTER

TODAY I offer you two vintage hands from first class team play. The first occurred in the Crockford's Cup:

N
♠ K 8 3 2
♡ 9 6 4
♢ A 6 2
♣ 7 6 4

W
♠ A 10 9 7 5
♡ A K J 3
♢ K J 9 4
♣ —

E
♠ J 6
♡ Q 10 8 7 2
♢ 8 7 5 3
♣ Q 9

S
♠ Q 4
♡ 5
♢ Q 10
♣ A K J 10 8 5 3 2

With neither side vulnerable South dealt and opened the bidding with five clubs. This is a good illustration of the principle, "When you pre-empt, do it properly." If South starts with four clubs (three clubs is, of course, childish), the opponents may have time to find their heart contract, which is good for 11 tricks. West doubled the opening bid, and all passed.

West started off with the heart King, and after an encouraging signal from his partner, continued with the Ace. The declarer ruffed, and at once returned the four of spades. West, of course, had to duck, and dummy's King won.

The declarer had ten top tricks, and he could see a certain squeeze and end-play against his left hand opponent, provided that he held the diamond King, so he proceeded to run off six of his remaining seven trumps. At that stage West held the Ace of spades, the Knave of hearts, and the King, Knave of diamonds. When the declarer played his last club, West was forced to throw the heart. The spade Queen was then led, which West had to take, and now he was securely end-played. He returned the diamond Knave, which the declarer ran to his Queen, and the doubled contract was made.

If West is clairvoyant, he can defeat the contract by leading a low heart at trick one. His partner wins with the Queen, and returns a diamond to destroy the end-play.

The second deal occurred in an international match between England and Austria:

N
♠ Q 8 6 4 2
♡ K 5 3
♢ K Q 7 2
♣ 7

W
♠ A K 10 3
♡ 9
♢ J 10 9 8
♣ Q 10 5 3

E
♠ J 9 5
♡ Q J 6
♢ 6 5 4 3
♣ A K 2

S
♠ 7
♡ A 10 8 7 4 2
♢ A
♣ J 9 8 6 4

With East-West vulnerable, South dealt and bid one heart. West thought of doubling but passed, North replied with one spade, and raised the opener's rebid of two hearts to four hearts. This was the final contract in both rooms.

Each West led the diamond Knave, rightly preferring it to a spade, and declarer won in hand. The Austrian declarer let himself be fooled by an illusion—he crossed to the heart King to discard his losing club on the diamond King. He returned the club from the table, but East won and led a trump. Unable to ruff more than one club, the declarer had to submit to defeat by one trick.

The British declarer played with greater understanding. He led a low club at the second trick. East won, and led a low spade to his partner's King, and West returned his singleton trump, but the declarer had the situation well in hand. He won with dummy's King, and was able to ruff two clubs on the table and discard two more on the King and Queen of diamonds. He lost a spade, a club, and a trump.

I have seen declarers make the same misplay on several occasions, rushing prematurely over to dummy with a trump to take a discard, only to find later that the price they have paid is more than they can afford.

Private faces of Auden

BY ANTHONY CURTIS

W. H. Auden. A Biography
By Humphrey Carpenter. Allen and Unwin, £12.50, 495 pages

An American friend of mine was observed in the garden of his villa in Italy in the autumn of 1973 presiding over a small bonfire of letters. They were from W. H. Auden. *Another* friend realising what was happening was becoming hysterical at the destruction of such precious material, but the conflagration continued. My friend had read the poet's request published by his executors that *his* correspondents should burn any of his letters they may have kept when they "had done with them" and should on no account show them to anyone else.

Most of the recipients of *letters from Auden were not* so scrupulous in carrying out his wishes. In writing this life of Auden, Humphrey Carpenter has been shown a great many of his letters, and has revealed the most intimate details of his private life. One of the troubles with being gay is you tend not to leave behind a widow who can jealously guard your posthumous honour and *render a biography impossible.* A valiant army of literary widows from Florence Hardy to Valerie Eliot have performed this service for their husbands. *However an eventual biography* is inevitable. A more sensible course is to appoint someone you can trust as your biographer during your lifetime. I am puzzled by how rarely this is done.

With Auden the "widow," Chester Kallman, died only two years later in 1975, aged 54, without unfortunately leaving a *will stating what was to happen* to Auden's manuscripts which he had inherited. A most unholy scramble occurred, which would surely have enraged Auden, involving a law-suit between Kallman's aged father, a dentist, his wife and the New York Public Library. The library got the manuscripts but the Kallmans got the royalties. After that the field was wide open. This is the second full-length biography we have had. The earlier one by Charles Osborne (see FT, March 8, 1980) *was patchy by comparison with* the new one. Mr Carpenter has made the most of his opportunities. He has had considerable experience in dealing with complex men of genius having previously published biographies of Tolkien and the C. S. Lewis set.

Mr Carpenter works on the principle, which I suppose was first exemplified by Michael Holroyd in his life of Lytton Strachey, that no detail however *trivial is likely to be irrelevant* and everyone with whom the subject had the slightest acquaintance or erotic involvement must be thoroughly *investigated.* Thus we are given a fascinatingly complete account of a man who exerted a considerable influence on Auden when he first went to Berlin in 1928, John Layard, a distant cousin of the archaeologist. It was through Layard that Auden first became aware of the ideas of the American teacher Homer Lane, the German psychologist Georg Groddeck and André Gide, all of whose doctrines crop up in the poems of this period. We also hear about Layard's botched suicide attempt, and Auden's part in that.

Mr Carpenter does not give us a line-by-line interpretation of the poems in terms of the life. That, I gather, is on the way in a book by Edward Mendelson, Auden's literary executor, due to be published by Faber in the autumn. Mr Carpenter does though pinpoint certain of Auden's works as representing crucial moments in *his development.* He prints a poem of 1927 about a deserted mine and a water-logged quarry which he reckons "marked a turning-point in his search for *his own poetic voice.*" He sorts out all the complicated personal, public and literary strands behind such obscure early works as the verse charade, "Paid on Both Sides" and *The Orators:* he is excellent on the genesis of *the plays* which Auden wrote in collaboration with Christopher Isherwood, and does full justice to that eccentric ballet-dancer, Rupert Doone who directed *them. It was at this time* that Auden encountered Benjamin Britten and wrote the song "Underneath the abject willow."

At the culmination of his theatrical period, well before the outbreak of the war, Auden formed the resolve to leave England. Auden very much disliked the "family atmosphere" of English literary life and he dreaded becoming an Establishment figure. He was also thoroughly disillusioned *with the Popular Front* as a means of combating fascism. And he thought, rightly, that he would make a great deal more money as a poet in the U.S. than in the UK. Mr Carpenter convinces me that whatever may *have been* the complex of motives that *prompted the great exodus* it was not a question of cowardice or a refusal to face the coming war; but while I go along with all that, I cannot but feel that it was the end of Auden as anything more than a cerebral poet. I would gladly swap *The Sea and The Mirror* and *For The Time Being*, for all their beauty of diction, for Auden's poetic response to the Blitz and the ambience of wartime Britain.

Auden: the Prospero period—a new biography of the poet is reviewed today

It was in 1939 in New York where he was sharing an apartment with Isherwood that Auden *was asked* by two boys from Brooklyn College if they could interview him for their college magazine. One was a blond 18-year-old *called Chester Kallman. Auden* seemed to prefer his friend, but it was Chester who followed up the idea and who was to be the poet's mate for the rest of both his and Auden's lives. On the face of it, it was a most unlikely *alliance, the English bard and* the young Jewish interviewer, but it lasted. Mr Carpenter makes it both explicable and leaves one in no doubt about *their sexual incompatibility* which led ultimately to Chester's frequent infidelities, much to Auden's chagrin. But there was one great benefit to Auden's art: it was Chester who intro*duced him to opera, and thereby* released a whole new vein of poetic inspiration. Ironically in America Auden rapidly took on the personality of the Establishment figure he had left England to escape becoming. *At the same time he became a committed* Christian—Chester did not, follow him there.

Mr Carpenter's biography concludes with some fresh *glimpses of the later Auden, the* sage with a face like pumice-stone, shambling around the streets of Oxford in carpet slippers worn for the sake of his corns, always in bed *promptly at nine o'clock* so that he was fresh next morning for work of which he still did a great deal. I met him a couple of times during this final Prospero phase, once at Christ Church and once at his London publishers. The first time he was charming. We had tea together and he chatted wonderfully about the poetry of St John Perse of which he had the *highest admiration:* the second time, for no discernible reason, he was rude and brusque. That dichotomy persists throughout this most rewarding biography.

Back on earth

BY RACHEL BILLINGTON

Mind Out of Time? Reincarnation Claims Investigated
by Ian Wilson. Gollancz, £6.95, 284 pages

Reincarnation is a very complicated subject. It involves questions so fundamental that it would take a combination of a theologian, psychologist and *hypnotist to produce* appropriate qualifications. Ian Wilson admits to being none of these things—although he is married to a psychologist. He is an investigator, a layman, trying to penetrate the emotion, untangle the knots of "hidden observers," "multiple personalities" and "hypnotic regressions," for the lay reader.

One of the ways he simplifies the matter is to use the analogy of a "play" with "actors," a "script" and a "director." This terminology suggests that *he is not* a believer in reincarnation. The early part of the book is spent examining the claims of various well-documented cases. There is Rosemary who took to writing *in ancient* Egyptian, claiming to be Nona, a Babylonian living in Egypt. On close examination her grasp of the language is shown to be very shaky indeed. A full chapter is spent examining the work of the American psychiatrist, Dr Stevenson. Many of his subjects come from India and Sri Lanka where of course reincarnation is part of an acceptable belief. But here too Mr Wilson finds the information *generally too imprecise* to be convincing.

However he then moves on to the question of "past life regression" under hypnosis. That is, the occasions when a subject asked to go backwards in time, *appears to* enter a past personality and is capable of producing convincing information about this character, information which is apparently without any source in his *present* life. And it is here that Mr Wilson begins to get his teeth into his own theme.

Briefly, he is a believer in the "hidden memory" theory. In other words, the theory that *everyone* has an *unconscious* memory at work as well as a conscious one and that this unconscious memory provides the material produced so surprisingly under hypnosis. The subject himself remains honestly convinced that it has come from a source outside himself. In fact experiments *have been* conducted in which a hypnotist has rehypnotised the subject and asked for and obtained the source of the *material.* It *seems* the unconscious mind has extraordinary powers. It is capable of photographically reproducing and using years later a page of a book seen once casually.

Thus Mr Wilson explains the "script." For his "acting," the astonishing change of accents, handwriting, facial expressions and body images, he presents *the concept* of "multiple personality." This is the potentially dangerous situation when a single person seems inhabited by several different personalities. In one case, actually documented by a photograph, a "multiple personality" sufferer reliving a past trauma, produced real bloody weals on his arm. Where that is possible a mere change of voice is hardly *beyond the powers* of mind over matter.

Finally Mr Wilson discovers a "director" for his "play." This is the "hidden observer." Once more *to attempt a crude* summary, this is a part of the brain which remains able to direct the body while standing apart from the conscious self. In the course of discussing this phenomenon Mr Wilson records the ultimate quote from an American psychologist: "Consciousness is a much smaller part of our mental life than we are conscious of, because we cannot be conscious of what we are not conscious of."

In case this review gives the impression of a book filled with dry and complicated theory, it must be noted that a major part of it tells many of the *fascinating* cases linked to reincarnation. It ends with the story of Ada Stewart who woke up one night and realised she was James IV, King of Scots. (Why do people never wake up and think they're peasants?) Mr Wilson *seems more disposed* to believe this than any other case.

I suspect Mr Wilson has cast his net too wide for a subject where close analysis is *essential.* He also runs the risk of spoiling *with disbelief* his own best material. Nevertheless, whether converted or credulous, his readers will find here many strange questions and not a few sensible answers. *At very least* it is a convincing argument for further research in the subject.

Fiction

If Hitler were alive . . .

BY MARTIN SEYMOUR-SMITH

The Portage to San Cristobal of A.H.
by George Steiner. Faber and Faber. £2.95 (paperback). 126 pages

Hello America
by J. G. Ballard. Cape. £6.50. 224 pages

Maggie Muggins or Spring in Earl's Court
by Keith Waterhouse. Michael Joseph. £6.95. 221 pages

The dental evidence which seemed to prove that the charred body in the bunker was that of Adolf Hitler was faked. A dedicated team of men from Israel have *found him in South* America: he is in his eighties, but quite lively. The team aren't sure that their radio signals are being received. As they transport him they argue about what is to be done with *him. A young man wants him* tried and executed. An older one points out that this would make a martyr of him, settle the score, evade the issue. Then *the old man himself* gives his reasons, and his long speech has more than a touch of the famous rhetoric. Helicopters move in . . . .

All this could easily happen, and, if it does not, then there *is a sense in which it should:* the question has to be faced. That, I think, is the basic message of George Steiner's courageous novel, his first published work of fiction for 15 years (it first appeared in the *Kenyon Review* two years ago). Who dares to disagree?

In his T. S. Eliot Memorial lectures *Bluebeard's Castle* Steiner raised a number of disturbing points: the Jews have put forward three unbearable challenges to humanity. Their Jehovah imposed a monotheism preposterously over-demanding. Their Christ put forward a programme of virtue impossible to fulfill. Their Marx demanded an absolute justice equally impossible of achievement.

For the A.H. of this novel the Jews had to be wiped out for mankind's sake. But this ironically mythical Hitler is — if only in a Spinozan sense — the Jews' saviour. How otherwise would the Zionist programme have been fulfilled, Israel come into existence?

Steiner runs the risk of being accused of anti-semitism, as well as of an attempt to *rehabilitate Hitler. His more* knowledgeable critics may connect his attitude to nineteenth-century "Jewish self-hatred," that terrifying and grieving habit of mind which characterised many European Jews *who wanted to achieve* "full assimilation." But this will not wash; he is ahead of any one critic in this. Let me say at once that his book is a very brave and a very necessary one, containing much invaluable discussion *as well as* much black humour.

The Portage to San Cristobal of A.H. fails at an imaginative level, though, because the story *of the actual transport is based* on the kind of adventure writing which Steiner is far too intellectual and thoughtful to be able to manage efficiently. *You cannot be a philosopher* and John Buchan, or even Hammond Innes. And the dialogue shows that Steiner has no ear for common speech; being master of many languages has its disadvantages. The exception is Hitler's speech at the end, which is horribly magnificent. I wish I could salute this *as a creative masterpiece;* but in being unable to do so, I ought to add that I don't think anyone could make one on this theme. There is great nobility in the effort he has made here and his novel is obligatory upon *everyone I hope that it* will not be misunderstood. The author is being massively fair in running that risk—although to the sensitive reader there can be no question of anything but the confirmation of Hitler's absolute evil.

Except for *Crash*, J. G. Ballard has done his best work in the short story — and *Hello America* is unfortunately one of *the weakest of his novels.* But it is still pretty powerful and effective: Ballard is more than a specialist SF writer. I wonder if the majority of his many readers realise just how bleak his vision of the future is? *Unhappily, this vision is not* specious or sensationalist, even when Ballard is not writing at full power: it is uncomfortably convincing and unsettling. One must hope that, like *Orwell's 1984*, it will act as preventative of some, *if not all, of its most* terrible excesses.

In *Hello America* America has been abandoned, having run out of energy. Most of the con*tinent is desert or jungle.* The Apollo crew are rediscovering it, in something of the spirit of the seventeenth century (this gives the author some opportunity to parody the *stereotyped* characterisation of SF films — at least, I hope that is what he is doing, since his own characterisation is weak in the novel as a whole). Charles Manson is now President — there is of course some activity going on in the forgotten continent, just as there was in the seventeenth *century — and all his predeces*sors play their part, though they are actually robots.

The psychology in this book is feeble and perfunctory: its strength lies in the manner in which it caricatures present-day *America under the guise of an* America of the future. The latter has run out of energy; but the former has run out of decency (in Ballard's vision of it), and this is what he is really showing. It is a scarifying, stark book, replete with disgust and energy. But it would have read more effectively as a series of connected stories.

Maggie Muggins or Spring in Earl's Court shows the always amusing and humane author going through his paces, but no more. This is not a patch on *Billy Liar*, that notable latter-day variation on the Walter Mitty theme. When that book *appeared, rebelliousness of* Billy's sort was still a novelty; it now seems that zaniness is the norm. A novelist who wanted to shock would have to create a character who believed, or at least behaved as if he/she believed, *in his/her* bureaucratic or military work, was a patriot, and so forth.

Waterhouse's Maggie Muggins is a feeling person, and her antics are entertaining. But the novel is sentimental rather than even sad. The picaresque mode now seems dated, although here it is indulged in with as great a professionalism as you could find. It would not be fair to say that *Waterhouse's energy has* flagged: it is simply that it is becoming increasingly difficult to write novels about unconventional or bohemian people.

What happened at Camp David?

BY ROGER MATTHEWS

The Battle For Peace
by Ezar Weizman. Bantam Books. £8.95. 395 pages

Breakthrough: A Personal Account of the Egypt-Israel Peace Negotiations
by Moshe Dayan. Weidenfeld and Nicolson. £10.95. 368 pages

Menahem Begin's response *to President Sadat's efforts to* secure a comprehensive Arab-Israeli peace may eventually come to be recognised as one of Israel's most tragically missed opportunities, but in the short term the treaty with Egypt *has brought the Jewish state* greater military security than it has ever enjoyed previously. More than that it has allowed Mr Begin to strike with frightening impunity at any target in the Middle East which *he deems a threat to his* country.

Mr Begin's strength during the intermittent bargaining process which followed Mr Sadat's visit to Jerusalem in November 1977 was that more than any of the other participants he was clear about his objectives. Mr Sadat believed that the very Arab gesture he made of going *to his enemy's tent and* declaring his willingness to make peace was enough to clear the way for an undefined settlement, the details of which would be worked out by officials. The essence for Mr Sadat was to *create a new atmosphere and a* momentum which would clear the log-jam of the past 30 years and inevitably draw in more timid Arab countries.

Mr Begin's objectives were much narrower. Once he had convinced himself that President *Sadat was sincere about* peace, the task was to clinch a separate treaty with Egypt without making concessions on Judea and Samaria (the West *Bank) which Mr Begin believes* to be an integral part of the Land of Israel.

Ezer Weizman, who did much to plot the election victory of Mr Begin, and Moshe Dayan who deserted the Labour Party in order to become Foreign Minister in the Begin govern*ment, both saw in their different* ways the wider opportunities that Sadat's initiative offered. But neither of them could see clearly enough the shape of a wider settlement and were handicapped by *the bitter in*fighting and lack of trust which increasingly characterised the deliberations of the Begin Cabinet.

Terry Kirk
Moshe Dayan: break with Begin

Both *men* were to leave the Cabinet after the peace treaty was signed and while paying tribute to the determination of the Prime Minister neither wished to be associated with the inevitably fruitless negotiations *over autonomy for the Pales*tinians living in the West Bank and Gaza.

Mr. Weizman's book is the more readable because it is more concerned with people and attitudes than with the minutiae of negotiation. More than any other Israeli he struck up a *warm relationship* with Mr Sadat and it is just possible that had he been Prime Minister events may have moved more swiftly.

He suffered by being only partly involved in the negotia*tions—about* which he regularly complains—and for the historian demanding a *more detailed* account of Israel's approach, together with interesting insights into the commitment of President Carter and his aides, Mr Dayan's contribution is essential.

It is *regrettable* that Mr Dayan has to devote so many words of Wilsonian *self-justifi*cation to his decision to leave the Labour Party and at times the hurt of the criticism heaped on him after the 1973 war has *perhaps* caused him *to mis*interpret his own motives.

In the best tradition of Israeli politics both authors spice their texts with biting observations on colleagues and international statesmen. Mr Kurt Waldheim, *the UN Secretary General,* is the most enthusiastically abused and Jimmy Carter *among the* most respected.

Neither book can of course claim to be a definitive account *of the Camp David process and* both are sure to be challenged in their recall of particular meetings, not least because the Reagan Administration has to some extent inherited the pledges of Mr Carter. Mr *Dayan's* worryingly incorrect assertion that Mr Sadat's speech *to the Israeli Knesset* was delivered in poorly-pronounced English (whereas it was given in very fluent Arabic) is the sort of stick his detractors may wish to beat him with.

However, *no-one involved* or interested in Middle East politics, *least of all Arab politicians,* can fail to benefit from reading these books, even if it is only to confirm their most deeply held prejudices. What is now required for balance is the early publication of the book being *prepared by* Mr Hermann Eilts, the former U.S. Ambassador to Cairo, of which much is promised. It is unrealistic, I fear, to hope that the Egyptian political system will allow Boutros Ghalyi el-Baz or Ahmed Maher of the Foreign Ministry to give their accounts before Mr Sadat has spoken.

HOW TO SPEND IT

by Lucia van der Post

Porsche panache

John Swannell

The lucky lady is surrounded by Porsche design — from the S911 sports coupe, to her sable finished steel watch, her polished steel sunglasses and leather briefcase and saddlebag

TO MOST of us the name Porsche is inextricably bound up with the image of a car—a marvellous, desirable, sleek greyhound of a car, the sort that most of us would be ready to give a king's ransom for, if only we could lay our hands on one. It was Porsche owners who first realised that the Porsche name was also beginning to stand for something else —for a small, select group of products emanating from one of the most sophisticated design studios in the world.

Ferdinand Porsche, scion of the Porsche car family, and for some years head of the design studio for the car business (he was responsible for the styling of the most sophisticated of all Porsche cars—the S911 shown in our photograph above) began to find that he wanted to be involved with designing other products and in 1972 he started up his own design studios.

The first, and probably still the most famous of all the studio's products, is the black matt chronograph watch. The Porsche car company had wanted a watch to give away, purely as a gift, to buyers of its cars and commissioned the by-now entirely separate Porsche Design company to design such an item. Ferdinand did what might have seemed the impossible — that is, he managed to invest an everyday item like a watch with a totally new allure. The fact, of course, that only Porsche owners had access to such a number, did nothing to diminish its appeal in the international jet-set world.

To Ferdinand its fashionable appeal was entirely beside the point. He had set out to design simply and purely the best, most functional, most technically perfect and innovative watch in the world. The fact that it thereafter became the sought-after symbol of status was something of an irony to somebody with as pure an approach to the matter as he.

This has been the fate that has befallen almost all his ideas. He starts off with the best, most austere of briefs to himself—he wishes only to design things that achieve a unity of function, beauty and technical innovation and not until he achieves this does he go ahead. He is not interested in passing fashion, in re-colouring a fabric or adding a bit of style to an existing product. Everything he has designed and had manufactured has been re-designed from first principles—the best material to use has been questioned and tested and not until he is entirely sure that his design is unique and original does he allow it to be manufactured. Then he finds the jet-set has taken them up—it's enough to make a designer weep all the way to the bank.

So far the range of Porsche products on the market is limited. All of them are expensive in terms of other products on the market but not in terms of themselves (as Ferdinand Porsche put it, "price is not what I'm interested in, it is the right product, from the right materials that matters").

The Porsche watch, initially only available free if you bought a car, is now available on the open market and it is to my mind one of the most interesting, most desirable watches I've seen.

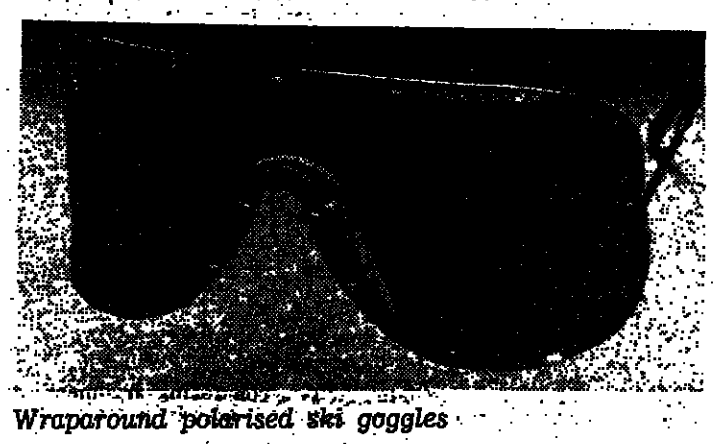
I can't make out whether it is its air of high-tech that appeals to me or its sheer beauty but whatever it is, it makes all those bejewelled and gilded numbers in expensive shops look cheap.

For watch-lovers there are several Porsche designs. There is the women's matt black watch, made of oxidised tritium steel, shown photographed below, which is fully automatic, very light, has day and date indicator and costs £261. There is also a sable finished steel version at the same price. The great status watch for men is the compass watch—but don't let this put you off (as Ferdinand Porsche puts it, "These things may be fashionable, but this does not exclude the possibility of them being good"). The compass watch combines a precision compass in separate slim compartment and an accurate, self-winding watch. £695 in black or shiny khaki. All the watches are from main branches of Watches of Switzerland.

For Carrera, the Italian sunglass firm, Porsche has completely rethought the matter of sunglasses. Some fold completely flat so that they fit into slim pockets, others are ideal for skiing, yet others will be made with titanium frames (titanium is light, and non-allergenic).

The complete range of sunglasses is to be seen and bought at Harrods of Knightsbridge, London SW1 at prices ranging from £40 to £90.

The latest design off the Porsche design pad is the complete answer to the (very rich) jet-setter or businessman who travels a lot—the saddle-bag. Beautifully planned and thought-out, made of softest leather, it wraps around a deep-dyed leather briefcase, thus forming a unit of briefcase and weekend case in one. Each section is about £375. For enquiries write to: Porsche Design, Glider House, Cricklewood Trading Estate, London N2 (Tel. 01-450 5484).



Wraparound polarised ski goggles

The soft leather saddlebag

The matt black ladies' watch made of oxidised tritium steel

Death of an emporium

ONE would have to be a very hardened realist not to feel a pang at this week's news that William Whiteley, the Bayswater department store is to close. Being a sentimentalist at heart I feel about Whiteley's rather the way I do about Everest—I may never set foot upon it, but I do like to know it's there. The trouble with Whiteley's is that in the end it was, in most people's every day lives, about as relevant as Everest.

Once upon a time Whiteley's was the glory of the retail trade. Around the turn of the century, when it was in its prime, there was a staff of over 6,000, it was renowned as "William Whiteley, the universal provider" and there was nothing, from a pin to an elephant, that you couldn't either buy or order.

William Whiteley was an almost manically devoted retailer. He did nothing lightly. From the day in 1851 when he came up to London and saw the Great Exhibition with its dazzling array of silks and satins, ribbons and food-stuffs, machines and textiles, he knew what he was going to do—he was going to create a vast emporium just like the exhibition, only everything in his emporium would be for sale.

Through the years he dreamed and planned and one day in 1863, "William Whiteley, Ribbons and Fancy Goods" was born. It opened the day after the marriage of The Prince of Wales to Princess Alexandra of Denmark and with the whole of London *en fete* the shop took off from the start.

What a store it must have been in its heyday. Oh, for the sort of staff who are required to treat all their customers with unfailing politeness and courtesy. And oh, for a store that could find one anything one happened to need or want—and at a day's notice. And oh, for a shop that truly believes the customer is always right.

Since those glorious days, Whiteleys seems to have lumbered helplessly towards its fate, like a giant doomed dinosaur unable or unwilling to adapt to modern life. Like the great luxury liners before it, attempts were made to find it a role—Sunday trading was an option that United Drapery Stores, the current owners, were eager to try, but Westminster City Council put a stop to that one. A hotel complex was once proposed but conservationists wouldn't allow the building to be pulled down.

And so today Whiteley's stands awash with bargains for the summer sales but the real big bonanza is yet to come for when the last shutters come down and the doors finally close on October 3 everything in the store will have to have been sold. The last message emanating from the impressive portals of the once-great store are likely to be sad little intimations that "Everything must go" and "Great Clearance Sale."

Eyes right

IF YOU'RE just about to set off on your annual summer holiday there are two pieces of beauty news that you might like to know about. Ella Bache of Paris, a small beauty house that concentrates on natural, finely-tested products, has produced a 100 per cent indelible mascara in black, brown or blue that is not only completely waterproof but smudge-proof too. So besides going swimming with it on you can also use the shower and even indulge in the odd gentle cry while watching old movies.

Waterproof mascara obviously needs more than water to remove it so Ella Bache suggests the complementary product—the Ella Bache Special Eyelash Cream Remover, which is said to be very good for eyelashes ("leaving them beautifully soft and silky and encourages their growth") as well as cleansing them.

Both products can be bought by mail from Zena Cosmetics, 5 Harrington Road, London SW7 3ES. The mascara kit (all three colours separately) is £3.20. The Eyelash Cream Remover comes in a tube for £3.45. (Add 20p p&p per item).

Erno Laszlo aficionados will be delighted to learn that as from this month they will be able to buy a travel kit of small-sized, light-weight empty plastic bottles, together with a 3 oz bar of special Laszlo soap (the soap, lovers of Annie Hall will recall, was an essential part of Diane Keaton's beauty routine). Though it is indeed true that you can go off to Boots and buy any old 3 oz plastic bottle at a fraction of the price, this collection has that characteristic streamlined almost Bauhaus-look about it, that is all part of the Laszlo charm and mystique. The bottles sport the authentic black tops and black labels and the tiny soap case is just like a minature version of the full-size one. The kit costs £13.75, soap refills are £5 and all can be bought during July from the Erno Laszlo Institute at Harrods, Knightsbridge, London SW1.

House portraits

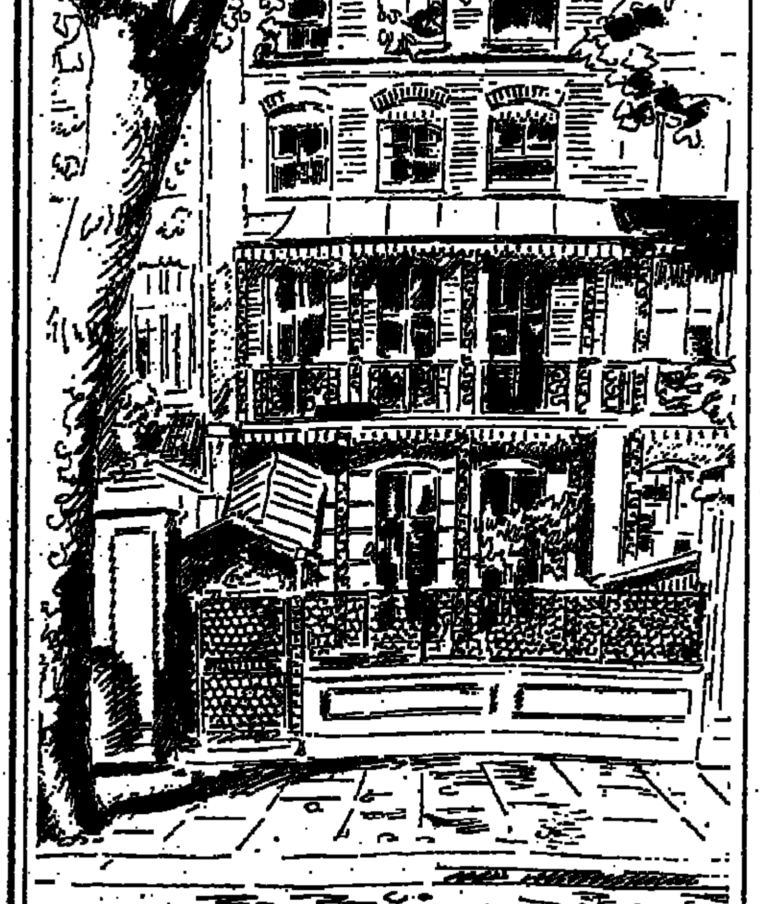
EVEN those of us who don't happen to live in stately homes or homes with recorded historical connections often become exceedingly attached to the houses we live in. As Britain is blessed with some of the most beautiful domestic architecture inthe world it isn't surprising that some of us long to have our houses painted—rather in the way that we might have a doted-on son or daughter captured in paint or bronze for ever.

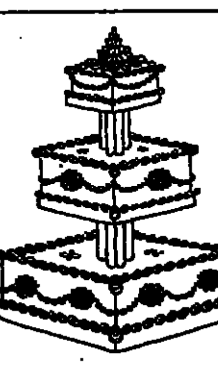
Adrian Daintrey is an exceedingly versatile painter who has been painting for some 60-years and can even now quite often be spotted in the streets of London, sitting on his little foot-stool and painting or drawing whatever happens to catch his fancy. Last week it was Elliott's shoe-shop at the corner of Westbourne Grove that happened to interest his painterly eye but it could be anything from a grand country house to a run-down little terrace or erstwhile workmen's cottages.

He is adept at producing very quick portraits of houses —the pen and ink and wash picture of a house in Cheyne Walk, shown here below, took him only about four hours from start to finish. He uses watercolours, oils or pen and ink and those who would like a portrait of their own house (or a portrait of a friend's house which would make a marvellous and very special present) can specify the medium they prefer.

If you need a present in a hurry Adrian Daintrey says that anybody commissioning a portrait could have it in a few days, always providing the weather was good enough for him to be able to sit outside and draw or paint. For a London house he charges about £350, depending upon the complexity of the work. For a country house he would need to add his travelling expenses to the fee.

Adrian Daintrey can be contacted at 20 Randolph Road, London W4 IAH, and can be telephoned on 01-286 6827.





The royal mini

SOME of the most charming Royal Wedding souvenirs that I've come across are those sold by The Singing Tree, a shop which specialises in everything to do with dolls' houses. I'm not a dolls' house enthusiast myself but am told that there is many a grown woman who is keen.

The Singing Tree has an enchanting collection of all things miniature and, not to be caught on the hop by the Royal Wedding, has prepared a collection of some enchanting souvenirs with which to add yet more life to those who own a dolls' house. There are some 12 souvenirs ranging from a photograph album, complete with royal photographs, which measure 1¼ in by 1 in, and costs £2.50. The wedding cake, sketched here at the top of the page, is three-tiered, just like the real thing, and measures 1¾ in high and sells for £4.75. Little goblets are ¾ in high, engraved with initials and emblem and sell for £10.30 in gold plate, £9.35 in silver plate.

Sketched below is a sampler, already worked in petit-point and measuring 1½ ins square, which is £3.50. If you would like a black and white printed sheet illustrating the complete set of souvenirs (all drawn to exact size) send 25p either in stamps or in postal order to the shop at 69 New King's Road, London SW6.

Jan Wheeler

BOOKS

Privat border

BY ANTHONY CUP

W. H. Auden. A Biog
By Humphrey Carpentr
and Unwin, £12.50, 49

An American frie
was observed in th
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of 1973 presiding
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st in in e in are, week, ic can as to the that the ed strictly preliminary a programme and Co. Giles the Artistic in practice he er Philip Prowse writer-in-residence d Macdonald seem e house in triple in Chinchilla. which gave us on Sunday, ld was the author and, stock European accent, orting character; Haver- was another supporting acter; and Prowse was ctor of the play, as well as signer, when it was first esented in their stimulating me in the Gorbals.

I must confess that I like the itizens least when they do new lays. For their first visit to ondon last year they brought load of artistic cobblers lled Don Juan (also by Robert avid Macdonald); and Chin- illa, though I used what nfluence I had to persuade the ritish Council to subsidise a uropean visit lately, doesn't rike me as the perfect vehicle r their first broadcast. One of r Macdonald's amiable versions f Goldoni, for instance, would ave introduced them more mpathetically.

Chinchilla is a fictionalised icture of Diaghilev and his ompany in their decline, resented (as Diaghilev, alias hinchilla, says) with "immacu- te bad taste." Vatza (Nijinsky) an influence more than personality; from being iaghilev's star-cum-boy-friend, e has progressed to being a arried ex-star of dubious anity in South America. When ot picking up pretty waiters. iaghilev concerns himself with ther dancers — Maxim, who orries him for a contract, and onstantin, age 16, who soon rowns himself in the Adriatic. he emotional network having roved too much for him. Other embers of the company bserve all these manoeuvres mpassively.

Such a play, it seems to me, eeds a script of Wildean wit nd Shavian understanding Whether Mr Prowse gave it the isible equivalent of those ualities in his Glasgow produc- tion, I don't know, but they were fatally missing through my B & O speakers. Gerard Murphy's Chinchilla was simply a selfish old queen, and the supporting company just about supported him for 90 minutes and that was it. Tom Kinninmont directed the radio production.

C. P. Taylor's *Walter* (also Radio 3, Thursday) was done at the Traverse for the 1977 Edinburgh Festival. I loved it then, and I loved it on Thursday. The author told me at Edinburgh that there were managements interested in the play, but there was a difficulty. It ran for two evenings, like *Nicholas Nickleby*, and in spite of all temptations, he couldn't make it any shorter.

On the radio it ran for one hour 45 minutes, and I sat enthralled by my set without even pausing for a cup of tea. The play deals with the last days of a 69-year-old Scottish comic who has made a fortune on the halls, in films and in a long-running television programme. He lives in a well-appointed house by Loch Lomond with Joyce, a young housekeeper from south of the border, who loves him, but only as you might love your car. Around him there cluster Doris, for whom he left his wife but whom he hasn't seen for 40 years; Rickie, an old friend who wants a cottage on the estate; Ian, his nephew (sometimes called Issy, for the family is Jewish, though Walter is non-practising), who has married a rich woman; and Eric, an ambitious young film-director, as gay as Diaghilev, who wants Walter to play John Maclean, the Glasgow revolutionary.

Taylor manipulates his characters with immense skill, moving them around in time when he needs to, until we know them all intimately. The play leads to a conclusion as inevitable as in a Greek tragedy. Walter is superbly played by Peter Kelly, as he was at the Traverse, and there is fine work by Tammy Ustinov as Joyce and Anne Kristen as Doris. The director was Stewart Conn, himself a notable Scottish playwright, and he has produced a clutch of truly sympathetic performances.

C. P. Taylor's last play in London, good as it was, couldn't interest audiences in its scene of wartime Newcastle. It would be great if *Walter*, with its universal appeal, could bring this fine writer to London playgoers.

Joan Key selecting her work for the Open Studio exhibition

Wapping Artists' Open Day

BY WILLIAM PACKER

The colonisation of the emptying wharves and warehouses of London's sometime dockland has been one of the more remarkable, and certainly one of the most fruitful of developments within the art world over the past decade or so. Artists need space in which to work, and naturally have a vested interest in keeping their work, and thus the places they use, secure: in short, industrial premises make perfect studios, and artists the most responsible of tenants. Indeed they might almost be too good for their own good; for having made their point, they demonstrate implicitly how ripe such properties are not for demolition, but rescue and redevelopment. Always the story is the same, the lease falls due and artists are looking for another home.

For the time being, the warehouse complex at 82 Wapping Wall and New Crane Wharf behind, stands as perhaps the most spectacular example of just such a colony: and over this week-end, until 7 on Monday night in fact, fifty five (by no means all) of the artists who work there have declared an Open Day, 11 till 7, with visitors welcome to claim an invitation and, of course, free admission, at the door.

It is an extraordinary and somewhat daunting warren of a place, and the sense of invasion of private territory very real until the visitor gets used to the idea that the artists really do want him to look in: but the adventurous spirit will be amply and most hospitably repaid. For the Studio Show has come to be seen as a most necessary ploy, the only chance many artists ever have to place their work on public view; even those with galleries and reputations need sometimes to show their larger or more unwieldy work, or simply a broader selection than usual.

With fifty-five artists showing I shall not attempt a review, and even to mention names might be invidious: but I will say that they form no group, propose no manifesto, and their work is as remarkable for its variety as for its manifest seriousness of intention, and its high quality overall, whether abstract or representational, painting, print or sculpture, large or small. And the opportunity to see the artist in his working habitat is too good for anyone with a curious and sympathetic eye to miss.

The Wapping Open Studios could not have taken place without proper organisation and a lot of work and time spent on it, and to their very great credit sponsors have come forward most generously to make it possible. BP is the major sponsor, and Capital Radio, The Baring Foundation, Sotheby's, Saatchi and Saatchi and GLAA, and one anonymous corporation, have all contributed.

And as a kind of fringe event, a little down-river at Limehouse Wharf, 148 Narrow Street, a somewhat smaller group of artists have also declared their Studios Open over the same period.

Jumble sale bargain

A vase by Gallé, produced around 1900, sold for £7,000 at Sotheby's Belgravia yesterday. It had been bought at a local jumble sale for 50p by the vendor: the buyer was a Paris dealer. Top price in an auction of decorative arts was the £8,000 paid for an iron forefront by Charles Rennie Mackintosh: it went for double the estimate.

Summer in Spoleto

Arts festivals tend to develop in attractive parts of the world —Salzburg and Edinburgh, Bath and Beyreuth, Guanajuato and Spoleto—an extra incentive for artists to perform there and audiences to gather. But while you could hardly hope for a pleasanter spot for the Spoleto Festival than this ancient Umbrian hill town where Etruscan walls make way for Roman arches, then Romanesque churches, Rennaissance houses, and baroque monuments, an equally good reason for holding an annual festival here is the money that it brings to a poor region of Italy.

This was in the mind of the composer Gian Carlo Menotti when he established the Festival twenty four years ago and although the town may only be full for three weeks each year its reputation has travelled throughout the world, persuading tourists to include it on any sensible tour of Italy.

But the Festival, which started last week and continues until July 12, enhances Spoleto's natural appeal. To a great extent it is the antithesis of the town, with a reputation for experimentation and modernity. Menotti, who had Zefferelli working with him for many years, has sponsored Polanksi producing *Lulu* and a *Don Giovanni* with Henry Moore designs. The Festival brought modern dance to Italy and saw the first performances of Al Pacino. Dubbed the *Festival of Two Worlds*, linking Europe and the U.S., where Menotti now lives, it is equally joining the two worlds of established art and contemporary art.

This year the old and the new is nicely balanced with the first Italian performance of *The Elephant Man* and Gluck's rarely performed comic opera *L'irrogne vorrige*. The main work perfectly symbolised what Sopleto is all about a lavish new production of *Die Lustige Witwe* (*The Merry Widow* sung in German), but produced by Alfredo Ridriguez Arias best known as an experiemetal theatre director who has never had to cope with more than half a dozen actors on stage. His handling of eightly was not deft. I saw the opera at a preview which did not do it justice. Some of the faults—in lighting —will have been corrected, but most of Aria's fresh ideas—and there were plenty of them—did not quite work: Hanna, the Widow, producing the characters (plus a cupid) from behind a curtain as she sang that drawing room favourite, "Velia," floundered, for example, because of a reluctant curtain rail.

The aims of Arias seemed to be to lift *Die Lustige Witwe* out of the realm of operetta and into a new and luxurious art form with grand sets; grand effects; and grand music. It failed mainly because the orchestra and to a much greater extent, the chorus used at Spoleto consists of young and inexperienced performers, mainly from the U.S. The orchestra was raised by conductor Baldo Podic, but the Westminster Choir from Princeton were very ill at ease on stage, constantly looking for their spots and unable to cope with the inevitable accidents — smashed glasses, tipped off hats — that tend to disrupt previews.

The first act set, a heavy, cumbersome grand staircase which had the cast clambering up and down like tentative mountaineers, dominated the proceedings adversely; the second act, in which the party guests were as animated as corpses, was more lively musically but disaster prone; the third, a very pretty and period "Chez Maxime," although without food, showed what this production could become. *The Merry Widow* has already been recognised as a major work — at least in London: whatever the reason Spoleto seemed to approach its task with forebodings rather than the joy that should spark off this most light hearted of works.

The Spoleto Festival could never hope to raise enough money from the box office to mount such expensive productions. The Italian and local Government meet most of the costs, with help from Alitalia, local banks, and American sources, such as Mobil. But Mobil improves Spoleto, for inhabitants and visitors, in another and most commendable way. It is systematically restoring the Romanesque churches in the town and in its suburbs: a most imaginative form of sponsorship.

It has also helped to restore a villa outside the town where *Risorgimento*, a pageant of Italian history, is being mounted during the Festival. As the years go on the avante-garde thrust of the Spoleto Festival seems to slacken to be replaced by equally imaginative but more popular events. This year there is an acknowledgement that the Festival helps the town economically rather than socially and more attention is being paid to the modern down-town area, with performances held there of films, etc, which should attract the locals. Perhaps the Spoleto Festival does not make news now but it is more in tune with the people of a most attractive and strangely unknown part of Italy.

The Butterfly

BY ROSALIND CARNE

A piece of theatre which depends on its programme note for elucidation is unlikely to stir heart, soul or intellect. *The Butterfly*, at The Old Red Lion, Islington, may be loosely defined as performance art, that peculiarly contemporary genre which relies on the weird rather than the wonderful, usually fleshed out with an elaborate pile of props.

Boy meets girl. They both appear well-heeled. The surroundings are plush. Billie Holiday and Charlie Parker suggest an American setting though not necessarily the Hollywood Babylon of the blurb. Apparently "the core of their seemingly doomed romance is ironically paralleled to the peculiarities of the 'painted lady'—the only migrant butterfly of the night." You could have fooled me.

The eponymous insects figure as plastic or enamel ornaments sellotaped to the heroine's shapely legs. She attempts to stuff these in her lover's mouth. There is plenty more in a similar vein, but nothing either dramatic or even suitably theatrical. Joy Lemoine and Mark York who collaborated in this strange two-hander may have had views on black women and white men which could have been better expressed in prose, poetry or perhaps a well turned essay.

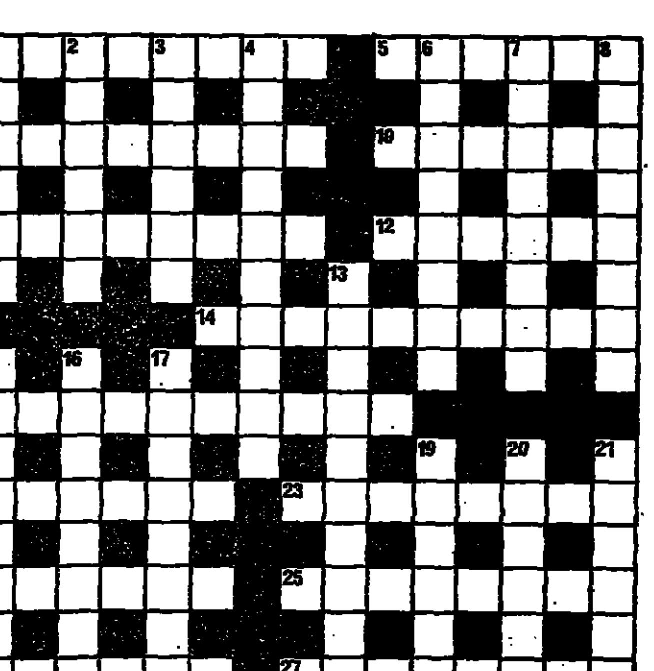
They are wasting their time, and ours, on stage. She demonstrates a talent for movement in her initial gliding entrance. But this is hardly matched by her monotonous delivery of some fairly monotonous lines. York is quite simply, an embarrassment. A third party, a member of the technical team looms repeatedly at the side of the acting space to upstage the principals. When the stage business ends, someone forgets to turn up the lights. This pub may not be a real theatre, but it would help to treat it as one.

F.T. CROSSWORD PUZZLE No. 4,611

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



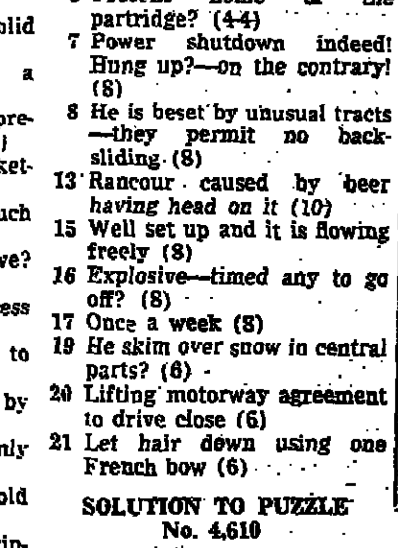
ACROSS

1 Enormous deficit in solid fuel (8)
5 His parlour is really a drawing room (6)
9 South American flier prepared for a roasting (4-4)
10 Wilton, possibly, as rocket-site (6)
11 Frown might produce such a screamer (8)
12 Blow to olfactory nerve? NHS etc. in chaos! (6)
14 Martinette Fashions dress (10)
18 Boxers wideawake to pressures? (10)
22 Takes in fifty gains by Labour (6)
23 Finnegan, perhaps, has only half a rainbow (8)
24 Plant giving energy to old Ireland (6)
25 Doctor cited me a prescription (8)
26 Score flowed smoothly in extremes of tonality (6)
27 Road-sets classified (8)

DOWN

1 Fate of clergymen to have nothing on (6)
2 General direction of drift? (6)
3 Ingenious way to bustle about (6)
4 Is "HMS Pinafore" performed on it? (5-5)
6 Present home of the partridge? (4-4)
7 Power shutdown indeed! Hung up?—on the contrary! (8)
8 He is beset by unusual tracts—they permit no backsliding (8)
13 Rancour caused by beer having head on it (10)
15 Well set up and it is flowing freely (8)
16 Explosive—timed any to go off? (8)
17 Once a week (8)
19 He skim over snow in central parts? (6)
20 Lifting motorway agreement to drive close (6)
21 Let hair down using one French bow (6)

SOLUTION TO PUZZLE No. 4,610

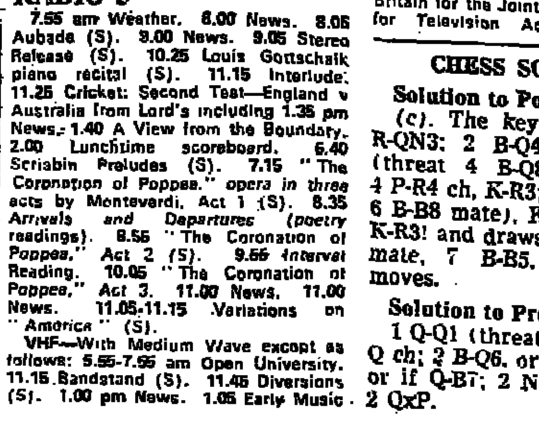


SOLUTION AND WINNERS OF PUZZLE No. 4,605

Mrs I.R. Inness, "The Oaks" 24 Gatelands Drive, Bexhill-on-Sea, Sussex.

Mr G. Simpson, 41 The Glebe, Aberdour, Fife, KY3 0UN.

Mr H. Thomas 1 Friezland Lane, Greenfield, Oldham, OL3 7EU.



TV/Radio

† Indicates programme in black and white

BBC 1

7.15-8.30 am Open University (Ultra High Frequency only). 9.10 Play Tennis. 9.35 Lassie. 10.00 Help! It's the Hair Bear Bunch. 10.25 Battle of the Planets. †10.45 Charlie Chaplin in "The Immigrant" 11.22 Weather. 11.25 Cricket: Second Test—England v Australia from Lord's.
1.30 Wimbledon Grandstand: The Men's Singles Final, the Ladies' Doubles Final and the Mixed Doubles Final: Athletics from Helsinki (1.40, 4.30); plus news of the Second Test at Lord's; 5.50 Final Score.
6.00 News.
6.10 Sport/Regional News.
6.15 Pop Quiz.
6.45 Hi-De-Hi!
7.15 The Saturday Film: "A Thunder of Drums" starring Richard Boone.
8.50 News and Sport.
9.05 Roots.
10.35 Saturday Night at the Mill.
11.25 House Calls.

All Regions as BBC1 except as follows:

Cymru/Wales — 6.10-6.10 pm Sports News Wales.

Scotland—11.50 pm News and Weather for Scotland.

Northern Ireland — 6.10-6.15 pm Northern Ireland News and Sport. 11.50 News and Weather for Northern Ireland.

England—6.10-6.15 pm (South-West only) Saturday Spotlight.

BBC 2

7.40 am-2.20 pm Open University.
2.20 Cricket (Second Test) and Wimbledon.
7.15 Scoop with Barry Norman.
7.45 News and Sport.
8.05 Magic Rays of Light.
9.00 Mozart: The Last Decade.
9.05 Wimbledon highlights.
9.55 Cricket: Second Test highlights.
10.25 News On 2.
†10.35 Horror Double Bill: "I Walked With a Zombie" starring Tom Conway.
†11.40 "Zolton . . . Hound of Dracula" starring José Ferrer.

LONDON

8.45 am Sesame Street. 9.45 Joe 90. 10.10 Anna and the King. 10.35 Thunderbirds. 11.30 Clapperboard. 12.00 Mork and Mindy. 12.30 pm World of Sport: 12.35 International Sports Special (Part 1) Cycling—The Tour de France plus Swimming (USSR v Great Britain), followed by Australian Pools Check; 1.15 News; 1.20 The ITV Seven from Sandown and Haydock; 3.15 International Sports Special (Part 2) Athletics from Helsinki; 4.15 Wrestling; 4.50 International Sports Special (Part 2—continued) Swimming—USSR v Great Britain; 5.20 Results Service.
5.35 News.
5.40 Chips.
6.40 Family Fortunes.
7.15 Only When I Laugh.
7.40 Russ Abbot's Saturday Madhouse.
8.10 "The Murder That Wouldn't Die" (TV movie).
10.00 News.
10.15 House on the Hill.
11.15 In Concert Special starring Aretha Franklin.
12.15 am Police Surgeon.
12.45 am Close: Personal Choice with Norman St John Stevas.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am European Folk Tales. 10.00 The Lost Islands. 10.25 Clapperboard. 10.50 Saturday Morning Film: "Hey There, It's Yogi Bear." 11.15 pm The Monte Carlo Show (Anthony Newley). 12.15 am At the End of the Day.

ATV

9.10 am Chalkface. 9.35 Save It. 10.00 Clapperboard. 10.30 The ATV Saturday Morning Picture Show. 5.45 pm Return of the Saint. 11.15 Murphy's America.

BORDER

9.10 am Chalkface. 9.35 Save It. 10.00 The Flying Kiwi. 10.25 World Famous Fairy Tales. 10.35 Joe 90. 11.05 The Incredible Hulk. 12.00 Clapperboard. 11.15 pm The Sound of . . . Guys and Dolls.

CHANNEL

5.40 pm Puffin's Pla(i)ce. 11.15 The Monte Carlo Show (Ann Murray).

GRAMPIAN

9.35 am Larry the Lamb in Toytown. 9.40 Cuir Car. 10.10 The Flying Kiwi. 10.40 Here's Boomer. 11.10 Thunderbirds. 12.00 Clapperboard 5.45 pm The Incredible Hulk. 11.15 Reflections. 11.20 SWAT.

GRANADA

9.15 am Helping Hand. 9.40 Save It. 10.05 Mystery Island. 10.15 "Geordie," starring Alastair Sim and Bill Travers. 12.00 Clapperboard. 5.40 pm Return of the Saint. 11.05 Star Parade. 12.15 am Thriller: "Dial A Deadly Number."

HTV

9.00 am Save It. 9.25 Helping Hand. 9.50 Clapperboard. 10.20 Happy Days. 10.50 "The Train Robbers," starring John Wayne, Ann-Margret and Rod Taylor. 12.28 pm HTV News. 5.39 HTV News. 5.40 Return of the Saint. 11.15 The Monte Carlo Show.

HTV Cymru/Wales—As HTV West except: 9.50-10.20 am Heavens Above. 7.15-7.40 pm Sion A Sian.

SCOTTISH

9.10 am Chalkface. 9.35 Save It. 10.00 Welcome Back, Kotter. 10.25 Joe 90. 10.50 Larry the Lamb. 11.05 Chopper Squad. 12.0 Clapperboard. 5.45 pm Return of the Saint. 11.15 Late Call. 11.20 Tenspeed and Brown Shoe.

SOUTHERN

9.05 am Sesame Street. 10.05 Park Ranger. 10.35 Thunderbirds. 12.00 The New Fred and Barney Show. 12.27 pm Regional Weather Forecast. 11.15 Southern News. 11.20 Paris.

TYNE TEES

9.00 am Children of the Lotus. 9.20 Chopper Squad. 10.10 Friends of My Friends. 10.35 Cartoon Time. 10.45 Sealab 2020. 11.10 Saturday Morning Movie: "High Risk." 5.40 pm North-East News. 11.15 Tenspeed and Brown Shoe. 12.30 am Three's Company.

ULSTER

9.15 am Helping Hand. 9.40 Save It. 10.05 Thunderbirds. 11.05 240 Robert. 12.00 Clapperboard. 1.18 pm Lunchtime News. 5.38 Ulster News. 5.45 Return of the Saint. 10.14 Ulster Weather. 11.15 Sports Results. 11.20 WKRP in Cincinnati. 11.45 Bedtime.

WESTWARD

9.25 am The Flying Kiwi. 9.50 Look and See 9.55 Stingray. 10.20 Gus Honeybun's Birthdays. 10.25 Clapperboard. 10.50 Cartoon Time. 11.00 The Saturday Morning Picture Show: "The Doberman Gang." 12.27 pm Westward News. 5.40 Westward News. 11.15 The Monte Carlo Show. 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am Chalkface. 9.25 Spiderman. 9.40 Chips. 10.25 Clapperboard. 10.50 The Saturday Morning Picture Show: "The Fast Lady." starring Stanley Baxter, Julie Christie and James Robertson Justice. 5.45 pm Return of the Saint. 11.15 The Monte Carlo Show, featuring Kris Kristofferson. 12.15 am Superstar Profile.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 11.30 Paul Burnett with Dave Lee Travis direct from the Radio 1 Roadshow at the Great Picnic at Windsor Great Park. 1.00 pm 25 Years of Rock (S). 2.00 A King in New York (S). 2.05 Star Wars (S). 2.30 Paul Gambaccini (S). 4.00 Walters' Weekly (S). 5.00 Rock On (S). 6.00-7.30 In Concert (S).

RADIO 2

5.00 am Tony Brandon (S). 8.04 David Jacobs presents Star Sounds (S). 10.00 Pete Murray's Wimbledon Special (S). 12.00 Two's Best with Len Jackson (S). 1.00 pm The Impressionists. 1.30 Sport on 2: Wimbledon (1.30, 2.00, 3.00, 5.00, 5.55); Test Cricket (1.30, 1.50, 2.25, 3.45, 4.45, 5.20, 5.50) England v Australia at Lord's, plus reports from the Schweppes County Championships: Racing from Sandown (1.30, 2.10, 2.45); 5.45 Classified Racing Results); plus Motor Racing, Athletics, Cycling. 7.00 Three in a Row. 7.30 BBC International Festival of Light Music (S). 8.30-8.50 Interval talk by Peter Clayton. 10.00 Nordring Rendenzvous (S). 11.02 Sports Desk. 11.10 Peter Marshall's Late Show (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.25 Louis Gottschalk piano recital (S). 11.15 Interlude. 11.25 Cricket: Second Test—England v Australia from Lord's including 1.35 pm News. 1.40 A View from the Boundary. 2.00 Lunchtime scoreboard. 6.40 Scriabin Preludes (S). 7.15 "The Coronation of Poppea," opera in three acts by Monteverdi, Act 1 (S). 8.35 Arrivals and Departures (poetry readings). 8.55 "The Coronation of Poppea," Act 2 (S). 9.55 Interval Reading. 10.05 "The Coronation of Poppea," Act 3. 11.00 News. 11.00 News. 11.05-11.15 Variations on "America" (S).

VHF—With Medium Wave except as follows: 5.55-7.55 am Open University. 11.15 Bandstand (S). 11.45 Diversions (S). 1.00 pm News. 1.05 Early Music Forum (S). 2.00 Play It Again (S). 5.00 Jazz Record Requests (S). 5.45-6.40 Critics' Forum. 11.15-11.55 Open University; and 11.55-12.55 am Open University (for students in Scotland, Wales and Northern Ireland only).

RADIO 4

6.25 am Shipping Forecast. 6.30 News 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Breakaway U.S. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm A Small Country Living. 12.27 The News Quiz (S). 12.55 Weather; programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Thirty-minute Theatre (S). 3.00 Medicine Now. 3.30 Enquire Within (S). 3.40 How Dare You Talk To Me Like That! 4.10 Profile. 4.30 Does He Take Sugar? 5.00 Conversation Piece. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.15 Desert Island Discs (S). 6.55 Stop the Week with Milton Shulman. 7.35 Baker's Dozen (S). 8.30 Saturday-night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Best-seller. 11.00 Lighten Our Darkness. 11.15 The Mermaid Story (Bernard Miles tells the story of the Mermaid Theatre). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.30 News. 7.32 Good Fishing. 8.00 News, weather, traffic, sport. 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.00 News. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Breakthrough. 4.00-5.00 am Join Radio 2.

London Broadcasting

7.00 am AM—Jenny Lacey and Magnus Carter. 10.00 Jellybone. 12.00 LBC Reports. 1.00 pm Sportswatch. 6.00 LBC Reports. 7.00 Geet Mala. 8.00 LBC Special. 9.00 The London Inerview (Leonard Cheshire). 10.00 Nightline. 1.00 am Night Extra. 4.00 Hayes on Sunday. 4.30 Decision Makers. 5.00 Morning Music.

TV RATINGS

w/e June 28

UK TOP TWENTY (viewers m)

1	C. Street (Wed)	(Gra)	16.10
2	C. Street (Mon)	(Gra)	14.20
3	Crossroads (Wed)	(ATV)	13.10
4	Rings On Their Fingers	(BBC)	12.55
5	Crossroads (Tue)	(ATV)	12.45
5	Magnum	(ITV)	12.45
7	Where There's Life	(YTV)	12.20
8	The Video Entertainers	(Gra)	12.00
9	Young At Heart	(ATV)	11.95
10	Family Fortunes	(ATV)	11.90
11	Nine O'Clock News (Tue)	(BBC)	11.85
12	Russ Abott's Saturday Madhouse	(LWT)	11.65
13	Have I Got You Where You Want Me?	(Gra)	11.60
14	That's Life	(BBC)	11.55
15	Onyl When I Laugh	(YTV)	11.45
16	News At Ten (Mon)	(ITN)	11.30
17	Winner Takes All	(YTV)	11.10
18	Sorry I'm A Stranger Here Myself	(Tha)	10.75
19	Facelift	(BBC)	11.50
20	Crossroads (Thur)	(ATV)	10.35

Figures prepared by Audits of Great Britain for the Joint Industry Committee for Television Advertising Research

CHESS SOLUTIONS

Solution to Position No. 378. (c). The key line is 1 . . . R-QN3; 2 B-Q4, P-N7; 3 BxR (threat 4 B-Q8 mate), K-N4; 4 P-R4 ch, K-R3; 5 B-B5, (threat 6 B-B8 mate), K-N2; 6 B-Q4 ch, K-R3! and draws. 7 BxP is stalemate, 7 B-B5, K-N2 repeats moves.

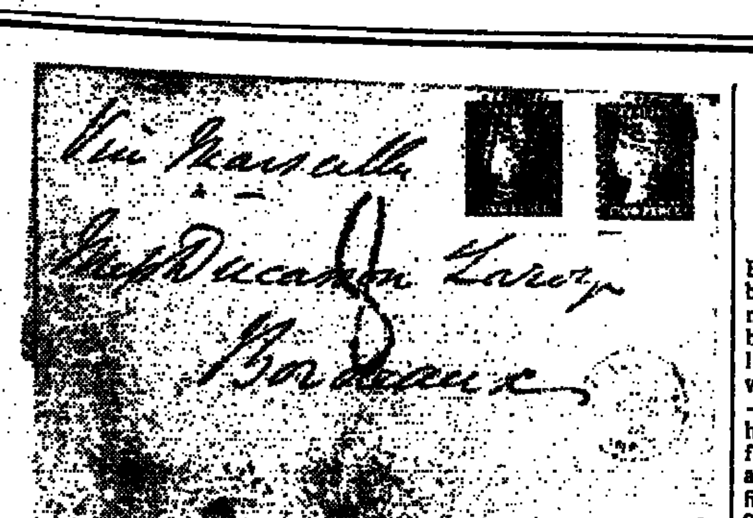
Solution to Problem No. 378. 1 Q-Q1 (threat 2 RxQ), PxQ=Q ch; 2 B-Q6, or if QxR; 2 BxN, or if Q-B7; 2 N-N5, or if QxB; 2 QxP.

STAMPS/COLLECTING

هكذا من الأصل

Before the bonanza

BY JAMES MACKAY



Mauritius cover bearing 1859 2d blue 1975-6 selling price £600 1980/81 buying prices £1,500

A WHOLE YEAR has elapsed since the London International Philatelic Exhibition, with all its portents for a difficult future. At that time trading in the most expensive stamps was slack and the prices of such typical investment fodder as the 1929 Postal Union Congress £1 stamp and George V high value definitives were plummeting; but at the same time the philatelic bureaux were mobbed and dealers in new issues reported a very brisk trade.

Since then there has been a general feeling of gloom, emphasised by the news that Stanley Gibbons had turned out to be an expensive investment for Letraset. Newspapers made much of the fact that Gibbons had overspent in purchasing the fabulous Haas Collection. They ignored the point that such an important accumulation of material would take several years to break down and turn over. In the long term—say over the next five years at least — the Haas Collection will probably turn out to have been one of the company's shrewder buys.

What is undeniable is that the hot money which grossly inflated certain sections of the market has now been withdrawn, and it is to be hoped that it has gone for good, since speculation of that sort made for instability in British and Commonwealth classics, traditionally the blue chips of philately. At the same time, however, it should be noted that 95 per cent of the stamp market was totally unaffected by such goings on.

The British Post Office, always diffident about mentioning its philatelic revenues, has admitted recently to an estimated £30m turnover in 1980-81 (a far cry from the £2.5m of 1970-71) and is confident of boosting that figure to new heights now that the programme of philatelic counters is getting under way. At the same time the Crown Agents, who handle a fifth of the total world new issues, have just announced a profit of over £2m in 1980, compared with £774,000 in 1979, and with the Royal Wedding bonanza next month 1981 is set fair to beat that record.

All auction houses report an upturn in prices realised. Even the much-maligned PUC Pound seems to have bottomed at around £500 and is suddenly becoming attractive to real collectors again.

Two events in London in the past few days illustrate the new spirit of optimism now pervading the market. The first was the launch of a tabloid *Stamp and Postal History News*, produced fortnightly by Epic Publishing, but with heavy backing from the British Philatelic Federation. It has made a modest start with a print-run of 40,000, but since it has been estimated that over 4m people in Britain alone have more than a passing interest in stamps it ought to do well, especially since, at 25p, it is the cheapest philatelic periodical.

The launch of this new magazine coincided with the official opening of the International Stamp Centre in one of the most picturesque buildings in Covent Garden. So far 13 dealers, offering a very wide range of material at all price levels, have opened for business and it is understood that seven others will be operational shortly. Meanwhile the old Strand Stamp Centre, whose lease is about to expire, lingers on and many dealers have taken alternative premises farther along the Strand. Across the street Stanley Gibbons have acquired the lease of the ground floor of 399-401 the Strand and have begun the extensive renovation and expansion of their premises. It is hoped to have this shop in full swing by July 29.

Alice has so many fans

By JANET MARSH

19th century lace fan given to Princess Alice by her brother Charles

PRINCESS ALICE had always been one of the best-loved members of the Royal Family; but in the last year or so of her life (she died in January) she won a special place of affection —a stardom even—in the hearts of the British public from her fearless decision to appear on television for the first time, when she was in her 95th year.

It was unforgettable: and inconceivable too that this elegant, sparkling, unassuming woman was a grandchild of Queen Victoria, with clear memories that went back to the 1880s. She was very fond of her grandmama, who loved to have the children playing around her while she worked.

She couldn't understand, she said, why Queen Victoria always looked so grim in photographs, because she was a jolly lady, who showed all her gums when she laughed. Nor did she ever say "We are not amused."

"I asked her; and she said she never said it. Isn't that *disappointing*?" Nor could she understand why people say the Queen had a German accent. She had not; she had beautiful, light-timbred speech.

The sense of duty that distinguished a life of public service was largely engendered from this grand-daughterly affection: "When we did these things, we always felt we were doing them for the Queen."

Her memories of great occasions were often endearingly intimate. She did not take part in the 1887 Jubilee procession, because she was only four; but she vividly remembered it, because they were having lunch when the procession arrived back at the Palace—a particularly nice piece of fish, of which she was very fond, as she recalled.

In the Diamond Jubilee of 1897 the children had been up on the Palace roof so early, watching the goings-on and missing breakfast, that her younger brother Charlie was sick in the carriage ("I'm glad I wasn's in *that* carriage") Charlie was to continue to be a source of embarrassment in later life also.

As hereditary Duke of Saxe Coburg Gotha, he was educated in Germany, at the Kaiser's insistence, and became an extreme German nationalist. Embarrassment at his opinions did not affect the Princess's sisterly concern for him, and she visited him in Germany until his death in 1954.

As a young woman Princess Alice, like a lot of ladies at the turn of the century, collected fans. It seems characteristic of her essential lack of ostentation that she acquired these clearly not for intrinsic antique value, but because she liked them. Evidently, too, friends and members of the family who wanted to give her a present often chose to add to her fan collection.

Some of these fans she gave to the London Museum when it was still a nearby neighbour to her Kensington home. Others are to be sold by Phillips on Thursday. They are an evocative and appropriately graceful souvenir of this winning princess.

Some of the boxes—works of art in themselves, in silk or kid, with the makers' names elaborately embossed in gilt—are carefully inscribed with the names of the donors. Naughty Charlie gave her two of them, though he doesn't seem to have been too expert at choosing fans—both of his have later leaves married to early sticks.

A fan of Chantilly lace was given to the Princess by her mother, Princess Frederick, a Dutch princess who married Prince Leopold, Queen Victoria's youngest son. Leopold died of the family taint, haemophilia, when Princess Alice was only a year old. The Queen called on the young widow, and noted in her diary that "the dear little baby came in and was so lively and merry that it was quite painful."

The Princess's aunt, Emma, Queen Mother of the Netherlands and mother of Queen Wilhelmina presented her with an Edwardian chicken skin fan apparently painted in Holland, with a highly romantic scene of lovers in a garden.

The fan given by the German ambassador on the occasion of the Princess's marriage to Prince Alexander of Teck, later Earl of Athlone, in 1904 was perhaps a more formal presentation. Prince Alexander was the younger brother of Queen Mary (who wrote "I have always been fond of her"); and another fan of black Chantilly lace is inscribed as the gift of their mother—and the Princess's mother-in-law the Duchess of Teck.

A lady so openly friendly that in late life she liked to travel on the London buses because she enjoyed chatting to people she met, Princess Alice clearly did not confine her friendships to her royal relations. A Victorian singer, Christine Neilson, gave her a fan "on her departure to America"; and another is enigmatically marked "from Bob, Xmas 1902." They are touching but cheerful mementoes of the young Princess.

The fans, which are estimated to realise between £20 and £400 each, are in a sale of embroideries and textiles, which includes another curious royal relic, a velvet strap worked with the King's arm and cypher, from the carriage of Charles I.

GOLF

BEN WRIGHT

THE IMMORTAL Bernard Darwin wrote in 1910 of Royal St George's Golf Club, Sandwich, Kent in his marvellous tome "The Golf Courses of the British Isles" with some vehemence: "Confound their politics, one feels disposed to say, frustrate their knavish tricks! Why do they want to alter this adorable place? I know they are perfectly right, and I have even agreed with them that this is a blind shot and that an indefensively bad hole, but what does it all matter? This is perfect bliss."

When I first looked at Frank Pennink's plans for the alterations to this great links some years ago I was completely out of sympathy with Darwin's sentiments. The blind par three third hole of 228 yards, known aptly as Sahara, was a ridiculous anachronism, a total lottery.

On more than one occasion in the beloved Halford Hewitt tournament — still the most enjoyable event in which I have ever participated — I missed the invisible green with what I thought had been a well nigh perfect shot. On another it had been embarrassing to find that my ball had somehow made its way onto the putting surface when I imagined I had hit it so thin it must hang up somewhere in a vilely unplayable spot in the sandhills, and rightly so.

One just had to stand up on the tee, aim at the marker post, flail away and hope for the best. Such a hole has no place in modern golf, and it was duly replaced by Pennink's splendid creation, a thoroughly visible 216 yards hole played from an elevated tee over the desert to a plateau green nestling among the dunes, with a deceptive swale in front of it.

Just as surely the absurdly blind drive over the monster dunes at the par four, 466 yards fourth hole was quite out of character with the generally held concepts of modern golf architecture. I was never unfortunate enough to tangle with the bigger of the two bunkers set in the face of this formidable mountain. But I do remember taking three to get out of the smaller pit.

And I still occasionally awaken sweating profusely at the childhood memory of a teenaged opponent tumbling from top to bottom of the Himalaya bunker at St. Enodoc Golf Club in rural Cornwall, a fate that could easily befall a victim of the bigger bunker at Royal St. George's fourth. Pennink sensibly moved the tee to the left so that the massive dune was removed from the direct line of fire, and the flagstick can be seen beckoning in the distance perilously close by the out of bounds fence behind the green.

If Royal St. George's was to host its first Open Championship since Bobby Locke's first of four victories was recorded there in 1949 the course couldn't possibly have three par threes on the outward half and only one on the way home, the 16th, where Tony Jacklin holed in one to signal his arrival in the big time in the 1967 Dunlop Masters. The eighth hole, known as Hades, was probably the least distinguished of the three, especially once the third had been "cleaned up", so it had to go.

Pennink has replaced it with a neat par four and the old 11th, which could be a beast of a par four, has been replaced by a par three. The other significant change has been made to lengthen the second hole by some 50 yards to 391 to bring back into play the two cross bunkers that used to catch more than their share of tee shots in the days of the "gutty".

All these changes seemed to be absolutely logical at the time, and there is little doubt that Royal St. George's is now a better test of modern era golf. But is it necessarily a better course? Is there any good reason why a great old course shouldn't have a blind par three like the Himalayas at Prestwick or the Dell at Lahinch? And does it matter a damn whether there are three par threes in one half and but one in the other just because the Open Championship is coming to town? The holes that have gone or have been "improved" were a part of history.

Has anyone suggested that the Mona Lisa needs makeup? I make the point because some of us who respect and admire the work of the great Scottish architect Donald Ross in the United States have been appalled at the efforts to improve and update his brilliant creations, most notably of late Oak Hill in Rochester, New York, venue of the 1980 U.S. PGA Championship. There it was that one of the best par fours in the world was summarily ploughed up and replaced by one totally out of character, as is another, the newly created par three 15th.

Should we be fooling with our golfing heritage or should the British links, monuments to a wiser age, remain just that?

When I was much younger and doubtless less tradition conscious I made a heretical suggestion that the first and 18th holes at St. Andrews could be immeasurably improved by extending the Swilcan Burn to run between them into a pond created by flooding the Valley of Sin.

RACING

DOMINIC WIGAN

DESPITE the claims of the in-form French Oaks winner, Madam Gay, and those even more successful colts, Master Willie and Hard Fought, I believe that today's Group One Eclipse Stakes is likely to be won by either Last Fandango or Fingal's Cave.

Last Fandango, the sole Irish representative now that Vincent O'Brien has withdrawn King's Lake, would, I suspect, have run out a clear-cut winner of Royal Ascot's opening Queen Anne Stakes, had he enjoyed an untroubled passage.

With an additional two furlongs to go in today's £17,000 added Coral sponsorship, and the probability of a fast pace from the outset, Last Fandango holds a bright chance of giving Eddery another Eclipse victory following Coup de Feu's 33 to 1 success of 1974.

Fingal's Cave, the mount of Joe Mercer, responsible for bringing home previous Eclipse winners in Brigadier Gerard and Gunner B, is now something of an unknown quantity.

However, reports of highly impressive homework have been prevalent of late and the late developing Ragstone colt who chased home Prince Bee in Goodwood's Gordon Stakes is clearly in fine heart.

Lester Piggott, currently second in the Jockeys' Championship Race, has been named Amoco "Jockey of the Month" for June by a panel of 25 racing journalists and commentators. Piggott, whose five winners at Royal Ascot included his record 100th at the meeting, heads the Amoco Jockeys' Association Championship table by almost 200 points.

SANDOWN

1.45—Cojean*
2.15—Teamwork
2.55—Fingal's Cave***
3.30—Beldale Bid
4.00—Devil Florin
4.30—Honey Barron

HAYDOCK

1.30—Woodcutter**
2.00—Sauvage
2.30—Lafontaine
3.05—Sextant
3.35—Swiftfoot
4.05—Quae Supra

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Saturday July 4 1981

Indexed bonds and sterling

TIME WAS when an issue of £1bn of long government bonds, announced at the end of a week in which sterling had fallen by three per cent against the dollar and two per cent against the D-Mark, would have led to a rout in the gilt-edged market and quite possibly even one of those gilt-edged buyers' "strikes" that have frequently accompanied, and exacerbated, runs on the pound. But yesterday the market took the announcement of a new 25-year index-linked bond almost without flinching.

The sea change that has taken place in the gilt-edged market's behaviour results in no small measure from the Government's Budget decision to heed its own monetarist supporters and start selling index-linked bonds to supplement the range of monetary control instruments in the Bank of England's tool kit.

Forced seller

The existence of a funding instrument which becomes more attractive when inflationary expectations deteriorate, as they have over the past few weeks, has changed the rules of the cat-and-mouse game traditionally played between the Government Broker and the institutions in the gilt-edged market.

Ever since the mid-1970s, when investors started taking monetary targets seriously, the GB has regularly been cornered as a forced seller of gilts at precisely the times when they are least attractive to buyers.

The effectiveness of the index-linked escape route will now be seriously tested for the first time with the new issue announced yesterday. For, unlike the first indexed issue, which came immediately after the Budget, this one is being offered to the market at a time of increasing gloom about the prospects for inflation.

An indication of the issue's importance, at least in terms of the criteria with which the gilt-edged market used to be preoccupied, is the fact that it is the first long bond offered by the Bank since January and the first big stock issue of new stock since April.

If the Government Broker had been following his old procedure of funding almost entirely through official taps, the funding programme would now be seriously behind schedule.

However, with the new flexibility which the Broker has introduced into his methods, with unofficial taps and new tranches of old stocks replacing the stately succession of long, medium and short taps that the market was used to, there is now less certainty among investors about how far the Government has got in its funding programme. That is another improvement in the market's balance of forces.

Technical improvements of this kind may not in themselves remove the underlying causes of growing inflationary pressure on the British economy, as sterling adjusts to the fall in oil prices, high U.S. interest rates and a change in the exchange markets' views on the Thatcher Government's performance.

Importance

But their importance should not be underestimated. If they help the authorities to prevent external pressures on sterling from precipitating domestic monetary problems, then the chances of containing the inflationary impact of a falling pound will be much improved.

Furthermore, if the Government's conversion to the idea of index-linking its debt leads to a reduction in the amount of long-term fixed interest paper which has deluged the market, the structure of interest rates should gradually alter, so as to reflect an improvement in long-term inflationary expectations.

That, in turn, should eventually lead to a revival of the corporate bond market, the funding of corporate bank borrowing and an improvement in the financial structure of British industry. This could make a contribution both to the problem of controlling the money supply and to the recovery of industrial investment.

Symptomatic

Thus, while the significance of the Government's new attitude to funding should not be overestimated, it does seem to be characteristic of the type of microeconomic change which has been going on beneath the gloomy macroeconomic statistics.

In particular, it is symptomatic of the more imaginative attitudes which have been creeping into Government economic policy making in the past few months. There is a growing recognition that the over-riding macroeconomic objectives can be achieved only after detailed analysis and reform of the structure on which the economy rests. The Chancellor's speech this week on reforming the structure of the nationalised industries is a case in point. With encouraging evidence of productivity improvement in British industry, there are reasons to hope that the present adjustment in sterling will not simply turn into another upsurge of inflation, as it might have done in the past.

THE RECEIVER STEPS IN

Why Norvic's time ran out

By Alan Friedman

ON THURSDAY morning the manager of a North London shoe shop answered a request for Norvic Shoes by saying: "Norvic Shoes? You won't find a shop in the street that sells them, guv. We all knew there was some problem about stocks and sure enough they said on television last night that the company has called in the Receiver."

Meanwhile, in Norwich, Mr Michael Jordan of Cork Gully was leading his team of Receivers and managers through the headquarters of Norvic Securities, one of Britain's oldest shoe companies. After talks with union officials and hours of work they then decided on immediate measures such as the dismissal of 304 of the 602 workforce at the Norwich plant.

The atmosphere at the main shoe manufacturing plant in Norwich, which has operated on the same site since 1846, is grim. And in the office across the road from the factory, the directors of Norvic have been clearing their desks.

The first Norvic director to leave was Mr Charles Metcalfe, the chairman. "I wanted to be the first operative out of the building and the first one out of work," he said.

Mr Metcalfe's departure yesterday morning comes after more than 10 years of chequered trading and despite a reprieve by Barclays Bank only five months ago. The Bank's £750,000 facility in early February was not enough to stave off disaster. The company, which made a pre-tax loss of £1.8m last year on a turnover of £12.3m and was suffering from a dramatic slump in demand in its all-important children's shoe division, finally decided this week that it could not go on. After losing more than £400,000 in the six-month period to June 30, the group's net worth was down to £1.3m against total borrowings of around £4m.

This millstone of a 300 per cent debt-equity ratio added to the problems endemic to Britain's troubled shoe industry—are the immediate reasons for Norvic's insolvency. Looking drawn, tired and pale, Mr Metcalfe addressed his last annual meeting of shareholders on Thursday afternoon and said: "We find ourselves in rather unusual and almost tragic circumstances."

The circumstances are undoubtedly tragic. From a staff of nearly 2,000 a year ago the company was down to around 1,000 a few weeks ago in plants and Norwich as well. Yesterday the number of casualties grew further as the Receiver made a total of 339 workers redundant, most of them in Norwich. These "urgent and harsh steps" says Mr Jordan, are designed to bring the workforce into line with the dramatic fall off in orders which hit the children's shoe business in recent weeks. By the time the company went into receivership this week, it was operating at 45 per cent of its capacity, producing only 9,000 pairs of shoes a week."

But there were also other reasons for the decline and fall of Norvic. As Mr Jordan put it 24 hours after he took over as joint Receiver: "Companies don't go broke overnight. There is usually a long history of problems leading up to the final crunch."

Mr. Tony Buckley—took a large stake in Norvic.

Mr. Christopher Selmes—"a very bright young man."

Mr. Michael Jordan, the Receiver—"a tremendous task in front of us."

> Norvic Securities had had a chairman for 10 years who had wanted to take it out of the shoe business and into other fields. I failed. I failed because I stayed with shoe manufacturing. Maybe I failed because I didn't spend enough time on shoes. . . . In a recession there are bound to be companies with insoluble problems and inevitably there will be one or two rescues that eventually fail.
>
> **Mr. Charles Metcalfe former chairman of Norvit**

Norvic was originally incorporated in 1935 and was quoted on the London Stock Exchange until 1971. In August 1971 Mr Christopher Selmes, the former "whizz kid," then in his mid-twenties, made an offer for the whole of the share capital of the business through Drakes, a vehicle he headed at the time.

Drakes had been a shell company with interests in gas engineering. It was purchased by Mr Metclafe in 1968 for around £80,000. Mr Metcalfe, who had worked in the shoe trade for 13 years, was at the time chairman of Birmingham Industrial Trust. Says Mr Metcalfe: "Along the line I bumped into Selmes. He bought shares in Drakes and eventually became the biggest shareholder. A very bright young man, he was."

Mr Selmes left his mark on more than one public company. Department of Trade inspectors in their report on another of his interests, Dowgate and General, concluded that: "Mr Selmes was a product of an era of 'asset stripping,' easy loans, and closely-knit share dealings. He made a highly speculative investment to which he committed the major part of the funds of a public company as if it were his own money. The theme was that the price of property would spiral quickly and endlessly."

In 1971 Norvic was a respected shoe maker, but had made pre-tax losses totalling £883,000 in the four years ending in 1970 although it recorded a pre-tax profit of nearly £300,000 in 1971.

Norvic was "then a company in trouble and always has been" says Mr Metcalfe. He and Mr Selmes intended to keep Norvic as an investment. "We were interested in the earnings," explains Mr Metcalfe.

Metcalfe and Selmes decided there were major problems with overseas assets and with the group's chain of 143 retail outlets. Seven months after acquiring Norvic, the shoe retail chain was sold for £2.9m to William Timpson. Timpson agreed to buy footwear made by Norvic for a period of three years and Metcalfe took over what was left of Norvic, the manufacturing business.

Why were the 143 outlets sold in what several city observers at the time regarded as a straight forward asset stripping operation? "Norvic had a lousy chain of shops," answers Mr Metcalfe, "and along came Timpson."

Shortly after the sale of the retail chain, Drakes also disposed of Norvic's overseas operations in the Channel Islands, New Zealand and South Africa. Then, just three months after Drakes had sold off these assets in Norvic, Metcalfe and Selmes decided to "part ways." "He wanted to go property and I wanted to go trading. So we spun off Norvic Securities as a vehicle for me," explains Mr Metcalfe.

Norvic made healthy profits in 1972 and 1973 while the agreement with Timpson lasted. But Timpson was then taken over and the 143 former Norvic retail outlets were closed down. At this point, Mr Metcalfe decided to "use Norvic as a vehicle to expand. All our asumptions said Norvic would produce a steady half million pounds a year," he added. Norvic went on an acquisition trail building up stakes in prospective companies. In January 1975 it launched a £3.6m bid for W. Canning, an electro-plating company.

The bid for Canning failed. Mr Metcalfe blamed the failure on politics and personalities. "Shirley Williams slapped a monopoly order on us. The so-called asset strippers of the day had become unfashionable," he relates. Mr Metcalfe still believes the Canning venture would have been "a marvellous opportunistic bid" but says it was fought on personality grounds. "They even put a picture of me on the walls at Canning with a caption which asked employees if I was the sort of man they wanted as their chairman," he says.

Norvic—still a shoe company—suffered a £700,000 slump in pre-tax profits in 1974 to just £85,000. There was a provision of £360,000 for the fall in the market value of quoted investments, which included a write down on Canning shares.

By mid 1975 Mr Metcalfe decided he had two choices—either to build up the shoe business or to diversify. "The only thing for me to do was to get out and find someone else more acceptable as chairman," he comments.

At the same time, Mr Tony Buckley, who had been managing director of Slater Walker Securities, entered the scene. "He came to see me by sheer coincidence and said he wanted to build up strategic stakes in lots of companies. So he took a large stake in Norvic along with his associates," says Mr Metcalfe.

Shortly thereafter Sir Desmond Lorimer—chairman of the investment and engineering group Lamont Holdings—became chairman of Norvic and Metcalfe became a consultant, planning to phase out of Norvic after 12 months.

Mr Metcalfe disposed of more than 600,000 shares of family holdings in Norvic, lowering his original 20 per cent stake to 165,000 shares, which he still holds this week.

But Norvic did not prosper in 1975 and the Board was not pleased with its portfolio of investment interests. "We decided to get shot of the portfolio and cut our losses," says Mr Metcalfe. This was done, leading to a £260,000 above the line provision for 1976.

Mr Metcalfe again became chairman of Norvic. Mr Buckley, he says, was asked to resign and did so. It was after these two major efforts at diversification—the abortive Canning bid and the investment portfolio—that Norvic decided to stick to shoes. But it appears to have been too late. Norvic profits fell steadily through the late 1970s.

What happened over the last decade? According to Mr Metcalfe: "Norvic Securities had had a chairman for 10 years who had wanted to take it out of the shoe business and into other fields. I failed. I failed because I stayed with shoe manufacturing. Maybe I failed because I didn't spend enough time on shoes."

Norvic's problems were mounting for other reasons too. The UK shoe industry has been hit by cheap imports and recession. Little money was available for marketing at Norvic as cash flow and profits dried up. Barclays Bank, which has been associated with Norvic for several generations, finally took a charge on the company's assets a year ago. Until then Norvic had enjoyed unsecured loans. By February of this year, with £2.5m of attributable losses for 1980, Barclays told the company to find £750,000 or face receivership. But two Labour MPs from Norwich—Mr David Ennals and Mr John Garrett—intervened to urge Barclays to extend the facility. After a series of meetings Barclays finally agreed to the rescue.

The company expected an upturn in orders this spring, but it never came. This week, Norvic decided it simply could not continue trading although it still had £200,000 of the Barclays facility left. Mr Tony Pitman, Norvic's Finance Director, stressed yesterday that Barclays was not responsible for the arrival of the Receiver. "The Bank has provided magnificent support," he noted.

Mr Roy Vine, senior general manager at Barclays, amplified the bank's statement earlier this week that Norvic was not "the first of a nasty rash of receiverships." He said: "In a recession there are bound to be companies with insoluble problems and inevitably there will be one or two rescues that eventually fail".

Mr Vine added that Barclays Bank had been and still was "bending over backwards to help industry through these difficult times." He said Barclays had "pushed the levels of lending prudence well beyond normal limits."

Back in Norwich, Mr Jordan is labouring with his team to sell off Norvic's Mansfield and Norwich factories as a going concern. He says he has already received indications of interest for both factories, including the possibility of a management buy out at Mansfield.

"We've got a tremendous task in front of us," says Mr Jordan. "Had we been in earlier we would have had more flexibility in dealing with the situation".

This is also the Receiver's view, but the final word must come from the shop floor. Said a depressed works manager yesterday morning: "The decline of Norvic as we see it from the shop floor started when they sold off our retail interests. That's our opinion anyway. They made a quick killing and they left us. It was what you call high finance, I guess".

Letters to the Editor

Pay

From Mr F. Tuckman, MEP

Sir,—All countries find it hard to get sense into Civil Service pay. Germany's arrangements are worse than ours, and the EEC is way off course. The proof of the latter lies in their relatively meek acceptance of a standstill amounting to reduction, which has been accepted in Brussels/Luxembourg.

Jobs can be measured and that is an acceptable basis for negotiation or pay fixing. What is far harder to do is to fit a pay structure into "the market." The pay "market" is so wide in its spread, that any organisation or firm cannot do what you suggest (June 30), namely leave it "to the operation of the normal labour market." Each organisation must ensure internal equity and an external posture which is determined and coherent. There is no escape from courage and discipline for the employer of a large number of people. There is also no comfortable magic which solves the problem for anyone.

Fred Tuckman
(Member of the Budgets Committee). Hay MSL.
1st Floor, 40/42 Cannon Street, EC4.

Jobs

From the Chief Executive Merseyside County Council

Sir,—I was interested to note in your report of June 25 that more than 3,500 jobs were created in 1980 by businesses which had been helped by the Department of Industry's small firms counselling service. The low cost of each job created, £570, is impressive when compared with the costs attached to other government initiatives to create temporary jobs.

I thought that you might be interested, however, to hear that at least one local authority is already active in this field. Merseyside County Council, through its economic development office has been active for nearly three years offering special grants unique to Merseyside. The result of our efforts to help has been the creation of some 5,000 jobs at a cost of some £515 each — an even better track record than the Department of Industry's service. The capital investment in Merseyside associated with these figures is an equally impressive £24m.

I do not write in order to score some sort of point against the small firms counselling service — all functions of this type are of the greatest importance to areas like Merseyside. I merely want to underline the point that there are a number of local authorities of whom we are only one, who have been vigorous and imaginative in working up schemes of their own and who have been prepared to rely upon local resources rather than wait for government to step in with some form of hand-out. Would that governments of all colours would rely more upon local authorities instead of making their contribution through a variety of special agencies and *ad hoc* bodies. Government, in a place like Merseyside, should be through policy co-ordination rather than by gesture.

R. F. O'Brien.
Merseyside County Council,
P.O. Box 95, Metropolitan House, Old Hall Street, Liverpool

Pensions

From Professor P. G. Moore

Sir,—A great deal has been written recently concerning the treatment of frozen pension rights when moving from one job to another. Much of the comment confuses two separate issues. The first relates to the effects of general price inflation over the period from the change of job to the date of retirement. The second relates to the practice of basing pensions on final salary and the problems posed by (real) salary rises from the date of change of job to retirement from the new job.

The first issue is best dealt with on some uniform basis for all concerned, eg index frozen pensions by the RPI up to a maximum of 6 per cent a year on the basis that, with this level of inflation, rates of interest will rise so that pension funds should be able to afford such an increase in the nominal benefits.

The second issue is, however, more contentious. For example, Firm A has only one slot for a managing director on a salary of £40,000 (and a pension of £20,000). If X gets the job and Y, on the same original salary level as X, decides to leave for other employment, it is illogical that firm A should increase Y's frozen pension in line with X's since, if he stayed with A, he wouldn't have got such a job (or pension). Hence, whilst a frozen pension could be justifiably increased over time in line with the average (real) salary scale assumed for the pension fund in firm A, further upward adjustment is unrealistic.

What about firm B, which receives Y? If Z, who had worked his way up B, became managing director at the end of his career the pension fund of firm B would bear the enhanced cost of his pension above that appropriate to the average salary scale. Hence it would seem equitable to do the same for Y if he joins and becomes managing director. But the number of years' service to which such an enhancement applies is more difficult. A tidy solution would be to provide a pension for Y based on his final salary in firm B with total service in A and B combined. The cost to B would then be equal to the excess of pension required above the upward adjusted pension flowing from previous service in firm A.

Such an approach would be administratively complex — and open to possible abuse. Hence it would seem desirable to proceed more cautiously. A possible solution is that all job changes involving a frozen pension should have the latter updated by up to 6 per cent per annum for inflation, plus a weighting according to some national average salary scale based on age. Pension from the final firm B would be based on final salary and service in that firm only. By this means a reasonable compromise is reached and job mobility encouraged rather than discouraged, under the current arrangements.

P. G. Moore,
Deputy Principal,
London Business School,
Sussex Place,
Regent's Park, NW1

Canute

From Mr P. Grotrian.

Sir,—For the fourth time in as many years, I want to take you up in re the matter of the vendetta which you and your correspondents conduct against the late King Canute. The last in a long line of libellers, is Jonathan Carr ("Lombard" June 25). I quote, "... appeared as King Canute—an English monarch who once, legend has it, sat on the seashore and vainly commanded the waves to recede." On the face of it, this might not seem to be a libel, but on reading on, it proves to be.

Can we please get this straight? King Canute—who by the way, was a Dane—was a very great man who presided over a highly improbable empire and altered the future of all Europe for the better. One day he heard some sycophantic attendants at his court say, that his, Canute's, powers, extended to controlling the tides. A lesser man might have had these cretins knocked on the head or at the least would have declared them redundant, but not King Canute. He had his throne placed on the seashore and proved that he had no powers whatsoever over the tide. The throne was not engulfed, as imagined by Jonathan Carr: when all had got their feet a bit wet, the party retired in as good order as might be expected.

P. R. Grotrian,
Alldens Copse,
Alldens Lane,
Godalming, Surrey.

Textiles

From Mr A. Holland

Sir, — Your correspondent reports from Hong Kong (June 29) that, at a meeting of delegates of developing countries to consider their negotiating position in the forthcoming multi-fibre agreement renewal talks, the Colombian chairman demanded a return to freer trade.

For your information, I set out the list of nations you report as represented at this meeting, together with their current duty on British wool textiles:

Hong Kong	Free trade
Brazil	205%
Egypt	150%
India	Total ban
South Korea	" "
Pakistan	" "
Sri Lanka	" "
Colombia	82%

Taiwan was not listed as attending but its duty is 125 per cent. Furthermore, in those countries where duties are levied at ludicrous rates, import licences are also required and are seldom forthcoming.

Presumably, therefore, what the meeting really wants is not freer trade but freer one-way trade with the honourable exception of Hong Kong.

Anthony D. R. Holland
7/8 Warwick Street, W1.

Security

From the Managing Director Britannia Airways

Sir,—A recent Government statement brings us the latest stage in the aviation security levy saga. Of all things it is likely to be reduced by 10p to £1.50 on August 1.

The industry's opposition to this levy is well documented. Britannia Airways still strongly maintains that security at airports is a vital national service, the cost of which should be borne by the state, and not solely by the traveller. Terrorism and its prevention is a national problem.

The Government, however, still stands by the principle adopted in April 1978 when the Labour Administration transferred the cost of civil aviation security measures from the taxpayer to the industry on the basis of a national per capita charge. From the national standpoint the greatest failing was to decide on a national fixed levy per passenger. The result is waste and high cost because no single cost centre is required to pay the bill. The higher costs per passenger of security at London Airport are being subsidised by lower per passenger costs at, for example, Luton, whose per passenger costs would be in the order of 60p per passenger, were they to be "on their own." There might well be justification for a small across-industry levy to cover the more anomalous situations, but otherwise great waste will ensue if the principle of letting the cost fall where it lies is not broadly protected. Britannia hopes Government's experience of the scheme in practice will now lead to an urgent review.

It is not just the well publicised problems that have been created by the devisers of the fund. Tour operators and their clients will recall the headaches created at the end of 1979 when on December 3—with brochures published months earlier—they were told the levy would be virtually doubled from 85p per passenger to £1.60 three months later. They had been expecting about £1.10 based on the Government's estimate given on June 20 1979.

The real point is that the current system makes it extremely difficult for airlines to monitor the charges without investing a great deal of expensive executive time. It has also led to a charge per passenger higher than is necessary to perform the function as thoroughly and efficiently as we all demand. The system is as wrong as ever in principle, and now with over three years of experience of it in operation, has also proved itself wrong in practice. The experiment has failed and Britannia will be calling for an early Government re-think.

D. H. Davison.
Luton Airport, Beds.

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Michael Thompson-Noel reports on the emergence of Britain's biggest advertising agency and its international ambitions

Saatchi's six-year climb to the top

SALESMANSHIP and showmanship, those prime requisites of a successful advertising agency, have seldom been combined with so much panache as in the case of Saatchi and Saatchi. This week the London-based advertising group announced a £5.6m acquisition of Dorland Advertising, the 11th biggest British agency, the emerging both as undisputed king-pin of British advertising and as what Saatchi itself claims is the biggest European-based agency business.

The enlarged group will handle total advertising billings worth well in excess of £150m—easily enough "bulk," as one rival put it, to help fund Saatchi's long-awaited foray into the very heartland of the world advertising business, the U.S.

It is very high-class bulk, even by the superlative-ridden standards of the agency business. With billings last year put at £83m, the main Saatchi agency, Saatchi & Saatchi Garland-Compton (SSGC), was Britain's joint biggest, on level pegging with J. Walter Thompson, one of 10 U.S.-owned agencies in the UK's top 15.

Saatchi's biggest clients—there are about 50 in all—include three of Britain's five largest advertisers (Rowntree Mackintosh, Procter & Gamble, and Cadbury-Schweppes), plus other notables such as Sainsbury's, Black and Decker, IBM, United Biscuits and Austin Morris, to say nothing of Mrs Thatcher and the Tory Party, for which it produced a body of controversial if award-bedecked work at the last general election.

Total Saatchi group billings last year were put at £96.7m, for in addition to SSGC, it operates two smaller London-based agencies, Downton Advertising and The Sales Promotion Agency, plus regional agencies based in Edinburgh, Dublin, Manchester and Gloucester. At £3m, group profits last year rose by 23 per cent, but in a move that will enhance an already-powerful earnings base, Saatchi has now grafted on Garrott Dorland Crawford Holdings (GDCH), whose total claimed advertising billings last year were £54m.

The jewel at GDCH is Dorland Advertising, whose billings in 1980 were £38m and whose main accounts include Heinz, the Post Office, National Savings and Castrol. Other parts of GDCH include the Crawford's agency (Britain's 46th biggest), Brockie Haslam and Dorland Financial Services.

No wonder that Mr Eric Garrott, the GDCH chairman, felt moved to say that this week's link-up marked a "union of strength and a great day for British advertising," or that Saatchi itself, basking in the warmth of yet another grand coup, could claim that purchase of GDCH "simply strengthens the UK base from which we will subsequently move into the U.S."

Saatchi, in its present guise, emerged only six years ago, when the Saatchi brothers, Maurice and Charles (neither of whom is yet 40) merged their own smallish agency into the Compton Partners agency in a reverse takeover that gave the brothers a public quotation in London and a sackful of big clients (including Rowntree, United Biscuits and P and G).

Since then they have lifted Saatchi and Saatchi Garland-Compton to the No. 1 slot by combining meticulous good management and superb business-getting with just a smack of luck. (They are also past masters at the arts of PR, though these days they do not give interviews and loathe being quoted.)

But the key to the brothers' current euphoria and confidence lies not in the ease with which their brokers, Phillips and Drew, carried out a placing this week of more than 1m Saatchi shares at 300p each with which to fund much of the cost of GDCH (the balance of up to £2.6m is being found from existing Saatchi resources), but in their observation that "the deal comes against a healthy background for the advertising industry as a whole."

In this vein, they cited a recent P and D study of Saatchi itself, which said that "for the long term, it is noteworthy that total advertising spending has held up very well over the past year, despite the obvious pressures on company profits," and reckoned that UK display advertising, in money terms, appeared to have grown by at least a tenth in 1980, with a similar performance expected in the current year. (Display advertising is basically Press, television and other main-media volume minus financial, classified and trade and technical advertising).

"This resilient performance," continued Phillips and Drew, "suggests that advertisers are now prepared to treat their advertising spending, and the goodwill that this sustains, as an asset which they cannot afford to allow to deteriorate, even in periods when profits are falling."

In addition, said the broker, technical advances on the media front—notably video films and disc, and cable and pay TV, plus the advent of new broadcasting channels such as Britain's Breakfast TV, Fourth Channel, and the likelihood, if not before 1990, of multi-channel, pan-European satellite broadcasting—would lead to a much wider range of choice for the advertiser.

Does the evidence support the claim that advertising expenditure has held up well, despite intense pressure on profits? It does indeed, both in Britain and elsewhere.

In Britain, according to recent figures from the London-based Advertising Association, total advertising expenditure in 1980 was £2.562bn, against £2.137bn the previous year. This was of course a record sum in cash terms, though a fall, after allowing for inflation, of approximately 3.5 per cent.

By virtually any criterion, 1980 was thus a good year for advertising, particularly in view of what happened to display expenditure.

Total U Kdisplay expenditure last year rose from £1.43bn in 1979 (66.9 per cent of the total) to an estimated £1.809bn (70.6 per cent of the total)—a gain, after allowing for inflation, of approximately 1.5 per cent.

Not that there was cause for universal celebration. The gain in display expenditure last year, in real terms, was itself compounded of a 14 per cent "real" increase in TV expenditure, partly caused by the carry-over of revenue from the 1979 ITV strike, and small falls in expenditure in the Press and fringe media, such as posters, cinema and radio.

As the AA says, last year's severe variations in the rates of media growth stemmed not from any changes in the popularity of the various media, but from the unusually large numbe rof industrial disputes which bedevilled the media scene, both last year and the year before.

Be that as it may, display expenditure last year was noticeably strong, though there are conflicting views as to the reasons for that. The strength of consumer spending definitely played a part, for it appears to have survived the recession almost intact.

Apart from the firmness of consumer spending last year, other factors that have been at work in recent times are the continued upsurge in retail advertising, coupled, to some extent, with a corresponding defensive increase in levels of manufacturer consumer advertising; and the relative strength of sterling, which has encouraged importers to hurl higher and higher promotional sums into the UK arena in a bid to increase their sales of cars, clothing, fridges and hi-fi — "consumables" of all kinds. On some estimates, UK advertising expenditure by importers is now worth more than £400m.

Either way, the evidence on the international front also supports the Saatchi view that advertising is riding a long upward trend. In a report compiled by JWT and published by the Advertising Association at the start of this year (Trends in Total Advertising Expenditure in 25 Countries), an attempt was made to bring together all reliable data pertaining to the 1970s.

Crucially, the report was able to look at international advertising expenditures in constant prices for 18 of the 25 countries surveyed. It did this by deflating total expenditure by an index of media rates, and unearthed a fairly standard pattern: (1) slow (or no) growth in the early 1970s; (2) a setback around 1974-75; (3) renewed steady growth ever since.

Naturally, the world oil crisis of the mid-1970s had a profound impact on advertising growth. But, according to the report: "It is also clear that considerable real growth has taken place since 1975, and in most countries it has taken real expenditure to its highest levels yet. Seven countries show an uninterrupted upward trend from 1975 to 1979; in five other countries (it) is interrupted only momentarily."

Such is the background to Saatchi's move this week to the top of the European advertising tree. Even with combined billings of £150m (say $300m), it is still small by international standards when set against Dentsu of Japan, the world's biggest agency, with billings last year of $2.72bn and revenues of $394m, or against the likes of Young and Rubicam and JWT of the U.S. Their billings last year were $2.72bn and $2.14bn respectively, while the giant Interpublic, a holding company for three major U.S. agencies, had combined billings last year of $3.22bn.

Yet in what is a remarkably short space of time, the Saatchi brothers, Maurice and Charles, have displayed such a lust for growth and flair for good management that at present, few things seem beyond them.

The brothers Saatchi: Maurice (left) and Charles. Their enlarged company now claims to be the biggest European-based advertising agency business.

BRITAIN'S TOP 12 AGENCIES

Agency	1980 Billings (£m)	% Gain 1980 on 1979	% Gain 1980 on 1978
1. Saatchi and Saatchi (UK)	83.00	23.0	50.6
1. J. Walter Thompson (U.S.)	83.00	28.9	28.9
3. D'Arcy-MacManus & Masius (U.S.)	75.00	17.2	28.6
3. McCann-Erickson (U.S.)	75.00	9.8	25.0
5. Ogilvy & Mather (U.S.)	61.20	24.1	26.7
6. Collett Dickenson Pearce (UK)	60.89	10.8	25.2
7. Young & Rubicam (U.S.)	46.41	20.2	34.0
8. Foote Cone & Belding (U.S.)	45.22	37.9	69.2
9. Ted Bates (U.S.)	39.64	15.4	22.8
10. Allen Brady & Marsh (UK)	39.12	26.6	90.8
11. Dorland Advertising (UK)	38.00	46.2	81.0
12. Leo Burnett (U.S.)	37.50	19.8	58.6

Billings Data: Campaign

Weekend Brief

High Noon at 20th Century Fox

IT HAS been the kind of week that Hollywood loves. The crowds are snaking around buildings all across the land to see *Superman II* and a top executive in the industry has resigned.

For a business which likes to run even its corporate and financial affairs to the pulse of big-chord theme music, the departure of Mr Dennis Stanfill from the chairmanship of 20th Century Fox has the makings of a box-office smash.

Stanfill is the short, quiet guy in the dark suit who still looks more at home in Wall Street, where he used to work, than in West Pico Boulevard, Los Angeles, from where he has run Fox for the last 10 years.

"High Noon at Fox," said the screamer on page one of Variety, Hollywood's own newspaper, the day after Stanfill bit the dust.

The reference to the classic 1952 Gary Cooper Western was well chosen. This time it was city slicker Stanfill eyeball-to-eyeball with the dark stranger of the West, Mr Marvin Davis, whose 6 ft 5 in frame can be seen most mornings sweeping through dusty Denver in a Mercedes flanked by outriders to his oil company headquarters. It was Davis, followers of the story will recall, who stalked into Los Angeles last spring to start an on-again-off-again poker game with Fox before laying out $800m. Last month to take the company into his private fiefdom.

"You always know when a phone conversation with Marvin is over because you hear a dial tone," a friend of his once said. Not, obviously a man to be messed with.

Mr Stanfill heard the dial tone, metaphorically at least, when he tried to sack Harris Katleman, the head of Fox's television unit who had been recruited last year by Alan Hirschfield, the ex-Columbia Pictures executive who since 1979 has run Fox's entertainment business and who was, therefore, number two to Stanfill.

Fox also owns property, resorts and a Coca-Cola bottling company, most of these being acquisitions arranged by Mr Stanfill.

But when it came to noon time, Stanfill found himself out in the street alone. Hirschfield stood by Katleman. Davis backed Hirschfield. Roll on the credits.

Since then, Stanfill seems to have blown town, without so much as a word of explanation beyond a cryptic statement that recent events had put him in a position where he could not run the company to the necessary standards.

Stanfill's experience at Lehman Brothers, the Wall Street investment house where he spent the early 1960s, should come in useful now as he will be able to devote more of his time to investing the $6.7m he cleared personally from the Davis merger, not counting the multi-million dollar settlement which will be involved in paying off his contract, which runs into 1984. But just that $6.7m, invested in Treasury Bonds, would earn $871,000 a year uncompounded for the next 30 years.

As for Davis, he too has slouched back out of the glare, leaving the good townsfolk at Fox wondering whether Hirschfield will be the next sheriff or whether maybe Davis plans to pin the badge on himself.

Meanwhile, back at the box office, Fox is enjoying the end of a five month famine. It has two films in the top 10 grossers—*Cannonball Run*, which substitutes Burt Reynolds, Roger Moore, Farrah Fawcett and Bianca Jagger for a plot, and Mel Brooks's modestly ambitious comedy, *History of the World Part One*.

It may not be quite coincidence that Davis has chosen to let Stanfill go at a time when the creative types at Fox (Hirschfield and his much-admired head of production, Sherry Lansing) are priming the cash flow at last.

Marvin Davis: will he wear the sheriff's badge?

Recession goes to women's heads

We're living through heady times right now, recession or no. And if the source of the pleasure doesn't hinge directly on that other national fever, the Royal Wedding, it does concern crowns of a kind. For with the "formal occasion" season upon us (Ascot, Henley, school functions, weddings, passing-out parades) it's hat time again—only this year the signs are of an epidemic sweeping across the nation's heads.

Up and down the country, the story is the same. From simple serviceable straws and felts to designer models which cost as much as a man's quality suit, women's hats are taking off. Business in the millinery trade is brisk, with sales generally well up on previous years, popular lines selling out and a steady stream of re-ordering.

One of Britain's leading manufacturers and exporters, Edward Mann is having such a "very very good year" that its factory is having to work overtime, at what is normally a slack period. Turnover is up 25 per cent on last year, including exports.

All this at a time when the fashion industry is deep in the doldrums and the cosmetic business (usually favoured in times of recession, being the cheapest way of an instant pick-me-up) is having to fight for sales.

The hat trade admits to being somewhat baffled (if delighted) about why 1981 should be bonanza year, though everyone has his own theory.

At Harrods, which has had an "outstanding year" in hats so far, buyer Kate Rowcliffe, draws parallels, in current hat styles and their popularity, with the crisis-ridden 1930s and 1940s. She finds it predictable that when the going gets rough, people turn with fresh interest to "transforming accessories" like hats.

Stanley Mann, former chairman of the British Hat Guild, acknowledges that every time there's a recession hats fare well, because "it's cheaper to accessorise."

Surprisingly perhaps, it is the top end of the market that seems to be making headline news. Frederick Fox, who has topped the most regal heads in the land, reports that he can't make hats fast enough. And that most inspired hatter, David Shilling, for whose originalities you have to start thinking in three figures, is working seven days a week to keep up. He feels people are needing cheering up more.

Another factor he feels is that hats have undergone something of a revolution. Gone are the days of them being a women's institute joke, doing nothing for the wearer but give her 10 years and a headache. Hats are now fun and fashionable.

Selfridge's general merchandise manager Richard Towell explains the hat boom another way. "Is it the recession or is it Lady Diana?" And few would deny the influence on the fashion scene of this most head-turning young queen-to-be. Although not a regular hat wearer previously, she stole the show at Ascot where she sported a galaxy of delicious confections. According to Mr Mann she "has without doubt been a great help to the [hat] retail trade." So it appears Lady Di has done for hats what she has patently done for taffeta ball gowns.

The case for more mud huts

First it was small, then it was black—now it is mud's turn to be beautiful.

A report by Earthscan, the United Nations-backed environmental information agency, estimates that half a million new houses will be required in developing countries between now and the year 2000: "Housing may well be the world's most unsolvable problem"

So far, notes the report, the response has been to place increasing reliance on Portland cement, "the world's most important building material." Developing countries account for 80 per cent of the world cement trade.

The report ("Mud, Mud") notes that despite Third World efforts to set up local cement industries, many countries face continuing shortages with building activities running in cycles based on the availability of foreign exchange for cement.

It is capital and energy intensive. And Dr G. M. Idorn, a Danish cement specialist, estimates that by the end of the century some 1800m tonnes of cement will be produced annually. To turn it into concrete will require 700m tonnes of water and 17,000m tonnes of aggregate, both of which may be in scarce supply by then. "Mud, Mud" sees a continuing Third World cement famine, which will keep pushing up prices.

In addition, cement is often unsuitable for hot countries. Egyptian architect Hasan Fathy tells how professionally designed houses for the Aswan Dam resettlement scheme were reduced in height when funds became short, with the result that "the low roofs in the blazing desert sun turned these stone and cement houses into ovens and reports poured in of increased infant mortality."

The answer, says Earthscan, is mud, which already houses over half the population of the Third World, but is becoming unfashionable. Mud roofs are a problem, as are water erosion and mud's poor wood-gripping abilities, which creates gaps around doors and windows. But the report says these disadvantages can be overcome by design and technology improvements. And there are successful ventures to point to, such as six-storey mud houses in North Yemen, and some 1,000-year-old vaulted roofs made from sun-dried bricks which still exist in the Middle East.

The report says that as the era of cheap energy comes to an end, so does the era of one of its byproducts — cheap cement. Housing planners will have to consider new technologies and reconsider traditional materials, like mud.

Part of the problem is that cement is associated with modernity, mud with backwardness. "The only people who like mud bricks are middle-class drop-outs in developed countries", says Dr P. A. Campbell of the Royal Melbourne Institute of Technologies.

The gold in your mouth . . .

Gold diggers are feeling a bit down in the mouth these days. In fact they're willing to pay up to £80 per troy ounce for any unwanted gold lurking in discarded dentures.

Advertisements have appeared in the Press recently offering this seemingly handsome sum for old dental plates and bridges made with gold. All you have to do is send away for a free container in which to pop the dentures and cash will be sent to you once the gold has been removed and weighed.

But before you rush off to look for granny's spare pair of teeth which haven't fitted properly since 1965, it is worth noting that the cost of dental gold from suppliers is at least £150 per troy ounce so that the scrap value of used gold is likely to be far higher than that being offered.

As with silver in the photographic industry any excess or used dental gold is recycled to offset the cost of buying new supplies.

One company which advertises regularly in the national Press has declined to comment on the use of recycled gold in dentistry because it fears that unscrupulous operators could move into the market.

However, there are many shady one-man operators in the world of scrap precious metals. As one reputable dealer told me: "They literally walk around with suitcases full of cash," he said in exchange for scrap in any quantity.

Gold used in dentistry varies in purity but is often 16 carat—60 per cent pure—compared with 9 and 18 often found in jewellery.

However, it is the most expensive dental material and is suffering a decline in popularity because cheaper alternatives such as silver alloys, chrome, nickel and plastics are available. Platinum was also used once—but its cost has become prohibitive.

Two years ago the world used 86 tonnes of gold in dentistry but last year the figure fell to only 61.5 tonnes and a further fall is likely this year as dentists and dental technicians continue to turn away from gold.

In the U.S. alone dental gold sales fell by 35 per cent last year as dentists realised that they could increase their profit margin.

Britain however is not a major user of dental gold, consuming a mere 0.6 tonnes last year out of a world total of 61.5 tonnes.

West Germany is by far the largest market for dental gold and used 25.2 tonnes in 1980, followed by the U.S. with 13.8 tonnes and Japan with 5.9 tonnes.

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Economic Diary

TODAY Mr Michael Foot, Opposition leader, Mr Denis Healey and Mr Ron Hayward in unemployment demonstration, Cardiff.

TOMORROW: Lord Carrington, Foreign Secretary, leaves for Moscow to urge Soviet agreement to EEC plans for international conference on Afghanistan. London Wine Trade Exhibition opens, Kensington (to July 7).

MONDAY: Personal income, expenditure and savings, and company profits for first quarter. Hire purchase and other instalment credit business for May. Retail sales (May final figures). National Union of Mineworkers conference opens, Jersey (to July 10). EEC Finance Ministers meet, Brussels. Mrs Margaret Thatcher opens Royal Show, Kenilworth. Mr Michael Foot addresses National Union of Railwaymen's conference, St Andrew's. European Parliament session opens, Strasbourg (to July 10). June provisional figures for wholesale price index numbers.

TUESDAY: UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits for mid-June. London clearing banks' monthly statement (mid-June). Provisional figures of vehicle production for June. Sr Antonio Delfim Netto, Brazilian Planning Minister, starts three-day visit to Moscow to boost bilateral trade. Cigarettes go up by 3p for 20. Mrs Shirley Williams speaks at Social Democratic Party rally, Risca, Gwent.

WEDNESDAY: British and Japanese car industry leaders meet in Sapporo on car market and economic prospects. Lord Carrington addresses European Parliament, Strasbourg, on Afghanistan.

THURSDAY: June central Government transactions.

Town & City cuts losses by £3.4m

PRE-TAX LOSSES at Town and City Properties fell by £3.4m to £11m in the year to March 24, 1981, despite a further rise in interest payments.

In the previous 12 months losses at Town and City—after declining steadily for several years — suddenly accelerated again to £14.4m as a result of sharp rises in interest rates.

Although interest charges have again increased—from £28.7m to £29.1m—the group has been able to offset this by property sales and from increased income as a result of rent reviews falling due.

At the same time the group said that net debt had fallen from £168m to £173.5m. At one stage the group had debts of around £320m. A good deal of this has now been reduced as a result of a continuing programme of property sales.

Last year Town and City achieved sales of £28m compared with a book value of £20m. This takes the total raised from sales since April 1974 to £409m against a book value of £371m. Since the year end, a further £8m of properties has been sold against a book value of £5.6m.

In the current year the group should take some benefit from recent falls in interest rates while the group says that there are considerable numbers of property sales now in progress.

Mr Jeffrey Sterling, the chairman, said: "The market not only remains strong but seems to be becoming wider than it has been for a number of years." He added that if the trend towards lower interest rates is sustained then "our results over the next two years should show a sharp improvement."

Last year net income from the property division rose from £6.7m to £9.6m while profits from the services and distribution division —which includes the Earls Court and Olympia exhibition centres —rose from £6.5m to £6.7m.

Meanwhile, the group still has to decide what to do when the first dividend payments on its preference stock falls due next March. The group has declared its normal nominal dividend of 0.01p in order to retain its trustee status.

Lex, Back Page

Panel rejects Wm. Collins' allegations

BY REG VAUGHAN

After a week of deliberations the executive of the City Takeover Panel has rejected the claim by William Collins, the Glasgow publisher, that there was a link between the sale of shares in the company by Mr Robert Maxwell's Pergamon Press to News International and the resolution of an unrelated dispute between the two parties.

Collins, which is fighting a £25m takeover bid from Mr Rupert Murdoch's News group, is appealing against this decision and has sought a hearing of its case by the full Takeover Panel. This is expected to take place early next week.

The grounds of the appeal were delivered to the Panel last night.

Mr Ian Menzies of Schroder Wagg, Collins advisers, said yesterday that he was not impressed with the evidence it had been shown by the Panel.

News lifted its offer for the Collins ordinary voting shares by 12½ per cent last Friday—from 200p to 225p per share—after purchasing the 9.4 per cent stake in Collins held by Pergamon Press.

There was no comparable increase in the terms for the "A" non-voting shares which remained at 150p per share.

The lack of any increase in the terms for the "A" was also an issue the Panel looked at on the basis that a comparable offer must be made for each class of equity. This problem was resolved on Thursday when News increased its offer for the "A" shares by 8.7 per cent to 163p.

News announced yesterday that the increase in the "A" offer was made following discussions with the Takeover Panel on what would constitute a comparable offer for the shares as required by the City Code.

News International's stake in the voting capital was given as 42.56 per cent on Thursday. Some 30 per cent of this stake represents the holding purchased from Mr Jan Collins, the former chairman, and certain other Collins family shareholders just before the bid was launched on May 13.

The two major uncommitted Collins shareholders are Crossburn Trustees, another Collins family trust, with a crucial 16 per cent of the voting capital, and Witan with 8.25 per cent.

Crossburn has been canvassed for support from both sides in the battle but is understood to be staying loyal to the Collins board. Witan plans to retain its shares for the time being.

In the formal revised offer document, sent out to shareholders yesterday, Mr Murdoch rejected the suggestion that Pergamon may have received some further benefit from News to induce it to sell its share in Collins.

He says that the price Pergamon eventually agreed to sell its shares for was "negotiated at arms length and without any dependence on any other arrangements between News and that company."

Mr Murdoch casts doubts on Collins' forecast of doubled profits of £4m for the current year. He says he believes that the forecast and future prospects leave many questions unanswered.

Mr Murdoch says "it is to be achieved in the face of a decline in volume and it assumes relatively favourable exchange rates."

He also refers to the once-off effects of redundancies in reducing printing costs and says that it is certainly not necessarily "a harbinger of further recovery" given the relative importance to the forecast of this, possibly also the effect of the elimination of book club losses, further recovery in Australia.

Urging shareholders to accept the offer—extended to July 17—Mr Murdoch says: "News has revised its offers close to market levels despite News belief that they principally reflected bid speculation and the activity in the market by Pergamon.

He says it is increasingly clear that no other bidder is going to appear.

On the London Stock Market yesterday the price of Collins ordinary fell 2p to 228p while the "A" shares were down 7p to 160p.

Memec subscribed 58 times

THE OFFER for sale of 3.75m shares of Memec (Memory and Electronic Components) at 140p a share has attracted approximately 64,000 applications for a total of 217.2m shares.

This means £304m was received and the offer was nearly 58 times oversubscribed.

Applications for 100 to 7,000 shares will participate in a weighted ballot for 100 shares; applications for 7,500 to 17,500 shares will receive 200 shares; applications for 18,000 shares and above will receive approximately 1.8 per cent of the number sought. A total of 127,244 shares have been allotted to employees in full. Balancing cheques and unsuccessful applicants' cheques will be posted on July 7. Dealings begin on July 8.

Eldridge Pope & Co slips 27%

PRE-TAX profit of Eldridge Pope and Co., brewer, maltster and wine and spirit merchant fell 27 per cent from £375,190 to £273,048 in the half-year to March 31 1981, on increased turnover of £7.43m compared with £6.75m.

The interim dividend of this close company is increased from 3.75p net per £1 share to 4p.

The directors say that a stringent programme of cost control has played its part in the improved operating profit of £306,400 (£249,422) which was achieved during difficult trading conditions. In line with increased borrowings to finance the company's modernisation programme investment income fell from £59,863 to £35,194 and finance charges rose to £92,285 as against £37,264.

They are confident that with a more buoyant market in due course the company will be well placed to exploit it.

Birmingham Pallet drops to £14,000

After falling from £87,058 to £51,399 for the whole of the previous year, Birmingham Pallet Group, light engineering concern, ended the six months to April 30, 1981 with taxable profits well down at £14,131, compared with £26,325.

Sales for the half year were also behind, at £1.48m against £1.78m, and the interim dividend has been omitted—last year's total was 2.5p, including a 1p interim.

Tax took £5,852 (£10,130), after which earnings per 10p share were 0.83p (1.5p), and the attributable balance came through at £8.48m (£15.2m).

Minet makes £1.19m in first quarter on £7.88m turnover

THE LLOYD'S and general insurance brokers Minet Holdings made pre-tax profits of £1.19m in the three months to the end of March this year, compared with £394,000 in the same period last year and a total for 1980 of £8.68m.

The directors say that in reporting the first quarter of 1980 they had stressed that because of the nature of the group's business income does not accrue evenly during the year, and so results for a single quarter should not be taken as a guide for what may be expected for a full year.

They add that this point remains equally important for 1981 and the outcome for the first quarter is therefore not indicative of the results for the year.

One of the major factors influencing these results is the cost control programme implemented in the latter half of 1980. The benefit of this programme accrued towards the end of the year and "consequently affected the first quarter 1981 results as compared with last year."

Minet's turnover advanced from £7.38m to £7.88m in this first quarter, while the 1980 total was £35.25m. Total 1980 dividends of 4.55p were paid, compared with 4.466p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Geo. Bassett Holdings ...	1.5	—	Nil	1.5	1.64
W. Goodkind and Sons	0.3‡	Sept 9	0.05§	0.3	0.5
Mercury Com. Tst. int.	56¶	—	48.75	56	48.75
Russell Bros.	3.63	—	3.63	4.88	4.88

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 16 months to April 30 1981. § 12 months. ¶ Gross throughout.

● **comment**

First quarter figures from Minet Holdings should not be taken as a guide for the likely trends for the full year, say the company. There are a number of special factors which have produced the surprisingly good first quarter results. Minet has got a firm grip on its overheads after the implementation of a drastic cost saving programme last year, the benefit of which was beginning to be felt in the second half of last year. Expenses have been increasing at a modest level of under 10 per cent. Other efficiency measures introduced by the agroup have had an impact. Better cash management of debtors and creditors has ensured that Minet was more liquid in the first quarter than a year previously and the group has gained from the high level of interest rates. Minet could make around £10m pre-tax for the full year on current trends compared with £8.67m, although the group warns that little has changed in world insurance markets, which remain highly competitive. The shares at 137p on a prospective p/e of 14½, are supported by the presence of the 20 per cent Corroon and Black stake.

USM quotation for Aerospace Engineering

Aerospace Engineering, which specialises in precision machining and assembling of components for the aerospace industry, is coming to the Stock Exchange's Unlisted Securities Market by way of an offer for sale of 1.6m shares, 40 per cent of those issue, at 153p a share.

Profits of the company, which also makes jigs and tooling for aerospace customers, have grown from £41,000 before tax in the year ended on April 30, 1977 to £805,000 in 1980-81. Current year profits are forecast to reach at least £900,000 this year and the directors plan to pay a dividend of 7.5p per share.

Net assets at £2.3m.

The company's principal customer is British Aerospace, which accounts for well over half of sales.

The shares in the offer for sale, which is being made by brokers Greene and Co, next week, are being provided by the company's chairman, Mr Reginald Mercado, who currently holds 99.95 per cent of those issued.

The offer for sale will close on July 14 at 10 am.

Inchcape Berhad to postpone issue

The directors of Inchcape Berhad, 63.5 per cent owned subsidiary of Inchcape and Co., state that a review of trading results indicates that profits of Inchcape Malaysia (Holdings) Berhad (IMH) will be at a lower level for 1981 than those of last year.

Accordingly it has been agreed with the Malaysian Capital Issues Committee to postpone the proposed issue of 57m M$1 shares, priced at $1.35 each, to Malaysian investors.

As reported on May 30, as a result of the offer, Inchcape's stake in the holding company will be reduced to 70 per cent, in line with the Malaysian Government's new economic measures.

The $77m resulting from the sale is expected to be used initially to repay part of the borrowings of IMH's operating subsidiaries pending their employment in suitable investment opportunities.

Chloride set to sell 20% of South African offshoot

Chloride, the troubled UK Motor batteries group, is negotiating with Haggie, a South African company, for a takeover which would reduce Chloride's holding in its South African subsidiary from 70 to 50 per cent.

Chloride SA, a quoted South African company, was suspended on the Johannesburg market on Friday at 560c, after a sharp rise from 455c. The suspension followed an announcement that Haggie and Chloride were in talks which might lead to an offer to the minority shareholders.

Haggie, which is jointly owned by Anglo American and General Mining Corporation, is South Africa's major steel rope supplier to the mining industry. It recently acquired a stake in the Macdem group which is controlled by McKechnie and Delta.

Chloride is South Africa's largest manufacturer of batteries for motor, industrial and mining use. Its after tax income in the year to the end of March fell 24 per cent to R2.4m (£1.4m) as a result of the impact of a falling lead price on high lead stocks.

CALEDONIAN HOLDINGS

Caledonian Holdings yesterday redeemed £285,000 of its 7.5 per cent of its unsecured loan stock 1985/90 and £68,000 of its 6.5 per cent unsecured loan stock 1984/89. This leaves £749,634 of the 7.5 per cent stock and £290,118 of the 6.5 per cent.

Euroflame placing to fund takeover

Euroflame, the controversial Unlisted Securities Market stock, brought to market in April by Tring Hall Securities, is to expand its equity base by 58 per cent in order to take over another solid fuel stove manufacturer.

Yesterday Euroflame announced it intended to buy Logfires (Woodstoves), a small privately held company, which like Euroflame, is forecasting a rapid growth in profits.

The deal, worth £750,000, is to be funded by the issue of 1.77m shares in Euroflame which are to be placed at 48p among "institutions," says Mr Denis Poll, managing director of Tring Hall—a financial group which specialises in bringing companies to market.

The placing will raise £850,000 which will also cover a £55,000 loan to Logfires from Mr Andrew Saye and his family, the controlling shareholders in Logfires, who are the vendors.

Logfires' pre-tax profits for the year to last October were £67,459, but the company is forecasting profits of not less than £200,000 for the 12 months to December next.

When Tring Hall brought Euro Euroflame to market the introduction was delayed because of controversy surrounding its profit forecast. Yesterday Euroflame confirmed that it still expected to make £335,000 in the year to next December, and to pay a dividend of 2.1p a share. Last year's profits were £278,000.

When Euroflame was floated on the USM in April, Tring Hall held 57.7 per cent of the equity which it said it intended to maintain as a long-term investment. As a result of the new issue and placing, Tring Hall's stake will be reduced to 36 per cent.

The £750,000 purchase price for Logfires, compares with net tangible assets last October of £128,406.

A BROWN & SONS

Sonashaw Securities has confirmed that its offer for 20 per cent of the ordinary share capital of A. Brown and Sons is now unconditional having received acceptances in respect of 33,252 shares (10.4 per cent).

York Trailer suspended: parent considers offers

The shares of York Trailer were suspended on the Stock Exchange yesterday while its Canadian parent, York Transport, considered a number of offers for its 60 per cent stake in the UK company.

York Transport is owned 75 per cent by Northants Investments, of Ontario, Canada, which is in turn owned by Mr Fred Davies, York Trailer's chairman, and his two sons.

York Trailer this week passed its interim preference shares dividend for the six months to June 30, after incurring a £2m pre-tax loss in 1980. No ordinary dividends were paid last year.

The UK company's management earlier this year decided to suspend any further payments of management fees to the Canadian company, which last year totalled almost £100,000.

It is believed that this was one of the reasons which led to Mr Davies's decision to offer the York Transport stake.

None of the offers had apparently come from the two other major companies in the trailer manufacturing industry, Crane Freuhauf and Craven Tasker.

The shares were suspended at 14p, capitalising the company at £1.5m.

Net asset value of the company at December 31 last was under 21p a share, valuing the company at £2.3m.

A further announcement should be available before the end of next week.

Edinburgh and General rights and £2.4m acquisition planned

Edinburgh and General Insurance is acquiring the motor insurance brokers, Andrew and Booth, for £2.4m in shares. EGIS shares were suspended in April at 27p at the company's request pending completion of the negotiations with A and B.

EGIS has also reported a pretax loss for 1980 of £213,000 compared with a profit of £108,000 and is raising £506,000 (£256,000 net) by way of a one-for-two rights issue of 2.6m shares at 18p.

No dividend is being recommended in respect of 1980 but the directors expect to pay a 1p dividend on the enlarged capital this year.

A and B is said to be one of the country's leading high street insurance brokers, with 45 branches. Its profit before tax in 1980 was £417,000 (£326,000) and the vendors have warranted that profits this year will not be less than £0.5m.

Mr. A. Wallace, a director of EGIS, holds a 51 per cent stake in A and B. The consideration for the acquisition is 13.3m EGIS shares, of which 6.2m are being placed by Hambros Bank on behalf of the vendors at 18p per share.

A and B will bring a U.K. earnings base to EGIS, and will represent a source of strength and stability to the group, the directors say.

EGIS' loss last year was after a £146,000 deficit on a terminated activity. Tax recoverable was £27,000 (payable £75,910) and the loss per share was 3.3p compared to earnings of 0.6p.

Losses arose primarily because of the exeremely competitive condition of the North American market. The directors felt these conditions were likely to persist and so wound down the relevant operations.

The current year has started satisfactorily.

The acquisition is subject to shareholders' approval and an increase in authorised capital is required. The EGM will be held on July 21. Dealings in the shares are expected to begin again on July 27 and the final date for acceptance of the rights is August 14. The rights issue has been underwritten by Hambros Bank and brokers are Rowe and Pitman.

Hovermarine deal settles Vosper claim

Vosper, the quoted shipbuilding company controlled by David Brown Holdings, has acquired the remaining 49 per cent of Vosper Hovermarine in satisfaction of its claim against Hovermarine Corporation, the U.S. concern from which it bought its initial majority stake at the end of 1979.

Although Vosper Hovermarine is now trading profitably with orders from Hong Kong, the Middle East and South America it sidewall hovercraft. Vosper wrote off £3.57m from reserves in its 1980 accounts.

This was to cover the cost of acquiring control of Vosper Hovermarine, including development expenditure, cost overruns on contracts, and other provisions.

Vosper, whose naval shipyards were nationalised in 1977, said in its annual report that it might take over the rest of the subsidiary as a result of its claim against Hovermarine for breach of warranties and indemnities in the original £1m purchase agreement.

The Hovermarine vessels operate on the hovercraft principle, but have catamaran hulls with propellers under the water.

Geo. Bassett turnround to £0.77m profit

IN THE 53 weeks to April 3 1981 the Sheffield-based sweet manufacturer Geo. Bassett Holdings made a pre-tax profit of 765,000 compared with a loss over 52 weeks last year of £1.22m. The turnover moved ahead from £63.97m to £68.35m.

A final dividend of 1.5p net is recommended per 25p share, after the half-year payout was missed. There was no final last year when an interim of 1.63625p was paid. Earnings per share are stated at 5p compared with a loss per share of 7.33p.

Trading profits recovered to £2.05m compared with a loss of £7,000, interest charges were only slightly higher at £1.29m against £1.22m and tax took £163,000 compared with a credit last year of £362,000. Attributable profits came through at £609,000 (loss £880,000) after a credit from minority interests of £7,000 (debit £19,000).

Extraordinary items convert attributable profits into a loss of £848,000 (loss £1.48m).

Net profits in the second half before tax were £453,000 (before adjusting for the reassessment of asset lives) compared with a loss of £1.46m in the same period last year.

The chairman says that during the year there was a strong positive cash inflow which reduced net borrowings less cash, thus improving the balance sheet.

"In the last quarter of the financial year the decline in the sugar confectionery industry's sales on the home market was halted and the decline in exports was slowed considerably. Over the whole year we maintained our market share both at home and in exports from the UK.

"We launched several new products, strengthened our sales to the grocery market and, together with the benefits stemming from the closure of the Uddington factory and a continuing drive to reduce costs, we increased profits substantially above the previous year's level.

"Our Dutch company turned around from loss into significant profit and our companies in Australia, Germany and Sweden showed very satisfactory increases in profits, while our U.S. subsidiary reduced the level of its loss."

Under the category of divestments, the chairman says, "We announced in January of this year that we had sold Paterson's Scottish Shortbread and Purdy Cakes for the sum of £355,000.

"This decision had been reached after carefully examining the amount of resources, both in management and money, which would have been required to ensure their satisfactory long term future compared with the alternative opportunities for the use of those resources in the rest of the group.

"Since the year end we have completed the sale of the fixed assets of G. D. S. Transport to North Eastern BRS who have also taken over responsibility for nine warehouses — five currently utilised by G.D.S. and four which are now surplus to G.D.S. requirements.

"In addition a contract, conditional upon shareholders' approval, has been entered into for the sale of our 75 per cent holding in Adam Imports to a company owned by C. A. Rycroft who currently owns half of the 25 per cent minority interest."

Reserves at April 3 1981 were £12.17m compared with £13.22m at April 3 1980.

The estimated remaining useful lives of certain assets have been reassessed and the charge for depreciation in the year amended. The effect of this amendment is to increase the trading profit by £220,000.

Exports for the year fell from £9.08m to £7.91m.

● **comment**

Shares in Bassett Group added 6p to close at 70p, a high for the year, after a surprise final dividend payment and signs of continued recovery in the key confectionery division. Margins on sweets have recovered thanks to close attention to costs: 25 per cent of the group's staff has been made redundant and some surplus manufacturing capacity sold. Demand for confectionery in the UK remains sluggish and Bassett faces an uphill struggle to return to its former earnings level despite improved efficiency. The company says orders are running above last year and that its European sales are getting a healthy boost from more effective marketing and distribution now that Bassett Europe NV has started operating. Disposals over the year have left an attributable loss of £848,000 before the dividend and net assets per share have dropped by 8.7p to 128.3p, an 83 per cent premium on the current share price. The market capitalisation is £8.45m.

Russell Bros. recovers

Pre-tax profit of Russell Brothers (Paddington), shopfitter, specialist joiner and exhibition contractor, advanced to £33,075 from a loss of £6,343 in the year to February 28 1981 on increased turnover of £1.71m compared with £1.33m.

The final dividend is maintained at 3.625p net per 25p share making a same again total of 4.875p. Earnings per share are stated at 7.05p (0.75p loss), after a tax credit of £17,673 (£2,958).

DIAMOND SHAMROCK

A meeting of holders of the Diamond Shamrock Europe £1,185,219 10½ per cent debenture stock 1980-85 is to be convened on July 27 to consider and approve an arrangement whereby the debenture stock will be repaid at 95 per cent of the nominal value, together with accrued interest.

EPC expects £21m from sale of 38 properties

THE English Property Corporation is to sell 38 freehold and leasehold properties for £21m, against an aggregate book value of some £15m.

The purchaser is not named at this stage. The consideration is payable as to £5.75m on or before July 31 and the balance, subject to the purchaser's right to call for full or partial completion at an earlier date, on June 29 next.

Interest is payable on the purchase price at the rate of 8 per cent per annum until payment of the initial £5.75m instalment, and on the balance outstanding thereafter at a rate of 10 per cent.

English Property, since 1979 a subsidiary of Olympia and York Developments of Canada, says that the sale represents part of a continuing programme for improving the standard of its portfolio, by disposing of those properties which do not meet its long term investment criteria.

Results due next week

Britain's largest tobacco company, Imperial Group, will report its interim results this Thursday and these are expected to substantiate the chairman's previous pessimistic remarks. In March the chairman warned that "the company expects results for the six months to April 30 to be substantially below results obtained in the equivalent period of last year." For the six months to April 30 1980 the company made pre-tax profits of £63.5m. Analysts disagree on the scale of the decline but estimates range from £48m to £52m, largely due to the drop in tobacco profits in the face of falling demand. Compared with the previous period when the company gained as a result of two price rises, this time it has had one 4p price mark up but sales have been depressed by about 10 per cent after the budget placed an extra 14p duty on a packet of cigarettes. Profits from Courage are also likely to be lower, the food side will still be in loss and Howard Johnson, the hotel chain in the U.S., will make a significant contribution only in the second half. The interim dividend, which is less than 40 per cent of the total, appears safe but the odds moved in favour of a cut in the final this week after Chancellor Howe's decision to add a further 3p duty on a pack of cigarettes.

Thorn EMI warned at the interim stage that adverse trading conditions had continued in the third quarter and some analysts have lowered their forecasts for the full year since then. Preliminary figures are due on Friday and profit before tax is expected to be about £85m compared to £128.5m last year. The television rental operations have been dull since last year's price increase despite the popularity of the new videos, the contribution from domestic appliances has continued to decline and the lighting side is thought to be in loss. Borrowings have been increasing as the company has continued to invest in televisions and videos and capital gearing may be above 50 per cent. A rights issue may be in the works but it would not be popular with some shareholders who suffered patiently through the effect of the EMI acquisition on the shares. The dividend should be maintained at 14.6p.

Imperial Continental Gas, which reports full-year results on Tuesday, looks to be heading for its first pre-tax profits drop for 10 years. Last time, the group came in with £38.3m; this year many analysts predict profits below £30m. Another mild winter has set back the Calor bottled gas division while depreciation of the Belgian franc against sterling has prevented contributions from IC Gas's Belgian interests from rising. The group's shining hope—its stake in the T-block section of the North Sea—is now thought unlikely to contribute to profits until late in the 80's. The group is also burdened with interest charges on its borrowings for its CompAir acquisition. However, if sterling stays down, CompAir, which is 65 per cent export-based, could well contribute to a pick-up in earnings next time round. The market is uncertain about the dividend prospects.

Sotheby Parke Bernet will unveil its interim figures on Thursday and these are expected to reinforce the trend which became apparent in the second half of last year, namely shrinking margins on higher sales. Although Sotheby's has indicated that sales this year have been encouraging, the company has warned that earnings "may well be significantly affected" by the same factors which dragged down last year's profits. In the light of these misgivings, it is unlikely the company will equal the £4.8m pre-tax profits for the six months to February 28, 1980 this year. Longer term the company's recent rapid growth in North America, where sales now account for 44 per cent of the group's total, means the second half will reap the benefits from the strengthening of the dollar.

Among other results due next week are preliminary figures on Tuesday from the Intasun Leisure Group, which was launched on the Unlisted Securities Market at 91p in April. Since then the shares have fallen back to 70p, but recovered to 74p ahead of next week's results which are expected to be in line with the prospectus forecast of £10.1m pre-tax profits for the year end March 31, 1981. Also reporting next week are Mercantile House Holdings (preliminary on Monday), Bulmer (preliminary on Wednesday), Greene King and Sons (preliminary on Thursday) and A. Monk (preliminary on Thursday).

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Ashley Industrial Trust	Friday	1.2	1.8	1.5
Associated Leisure	Monday	1.8	3.3	1.8
Batleys of Yorkshire	Thursday	1.3	1.56	0.5
Birmingham Mint	Tuesday	3.0	7.0	3.0
Braithwaite & Co Engineers	Thursday	3.0	4.0	3.0
Brit. Building & Engineering Appliances	Thursday	1.35	2.15	1.0
Bulmer (H. P.) Holdings	Wednesday	7.6†	4.6	7.6†
Caledonian Associated Cinemas	Wednesday	2.0	5.0	2.0
Dennis (James H.)	Friday	1.8	1.8	—
Eastern Produce Holdings	Monday	1.4	3.22	1.4
Fairdale Textiles	Tuesday	0.3	1.2	0.3
Greene King & Sons	Thursday	2.0	3.5	2.1
Highgate & Job Group	Friday	—	—	—
Highgate Optical & Industrial	Tuesday	—	1.801	—
Hollas Group	Wednesday	2.0	4.0	2.0
Imperial Continental Gas Assocn.	Tuesday	2.66667	4.33333	2.7
Intasun Leisure Group	Tuesday	—	—	—
Kinta Kellas Rubber Estates	Thursday	1.5	3.5	1.5
Latham (James)	Monday	3.35	5.75	3.35
Lennons Group	Friday	0.73756	1.47573	0.75
Marston Thompson & Evershed	Tuesday	0.625	1.0	0.625
May & Hassell	Monday	1.3	3.3	1.3
Mercantile House Holdings	Monday	4.0	8.5	5.0
Mayer (Montague L.)	[illegible]	[illegible]	[illegible]	1.75
Mitchell Somers				
Monk (A.)	Thursday	—	1.25	—
Oil & Associated Investment Trust	Thursday	1.52259	3.019	1.05
Radiant Metal Finishing	Wednesday	1.0	2.0	1.0
Ropner Holdings	Monday	2.0	2.5	2.5
Routledge & Kegan Paul	Wednesday	1.5	3.2	—
Thorn EMI	Friday	4.05	10.575	4.05
Toothill (R. W.)	Monday	—	—	—
Waddington (John)	Wednesday	5.22	5.58	2.5
Watson (R. Kelvin)	Tuesday	1.3	2.0	1.3
INTERIM DIVIDENDS				
Associated Fisheries				
Cronite Group	Wednesday	0.25	0.75	
Homfray	Friday	0.80437	1.0675	
Lincroft Kilgour Group	Wednesday	—	—	
Lonsdale Universal	Tuesday	—	—	
Macpherson (Donald) Group	Tuesday	1.85	—	
M & G Dual Trust	Tuesday	1.5	2.7	
Oakwood Group	Wednesday	8.5	9.85	
Winterbottom Trust	Wednesday	—	4.5	
	Tuesday	3.64	6.76‡	
INTERIM FIGURES				
Sonic Sound Audio Holdings	Thursday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Total of first and second interim dividends. ‡ Second interim dividend includes a non-recurring dividend of 0.8225p.

SPAIN

July 3	Price %	+ or −
Banco Bilbao	325	+5
Banco Central	356	
Banco Exterior	336	
Banco Hispano	301	+4
Banco Ind Cat.	122	−1
Banco Santander	369	−4
Banco Urquijo	223	
Banco Vizcava	350	
Banco Zaragoza	238	−1
Dragados	208	+8
Espanola Zinc	55	
Fecsa	70.5	+1
Gal. Preciados	53.5	−1.5
Hidrola	78.5	+2
Iberduero	60.2	−0.5
Petroleos	136.5	+6.5
Petroliber	102	
Sogelisa	59	
Telefonica	65.2	−0.2
Union Elect.	72.5	+2.3

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Cambridge Petroleum Royalty advises shareholders to take no action pending its deliberations on a surprise bid, worth 350p per share, from Lord Rayne's London Merchant Securities. Dealt in under Rule 163 (2) (a), Cambridge shares jumped to exceed the bid value of £17½m, the announcement of which came shortly after the breakdown of talks for Cambridge to make a share exchange offer for certain oil assets of LMS.

The bitter battle between S. and W. Berisford and British Sugar Corporation came to an end with the lapsing of the offer which left Berisford as BSC's largest shareholder with 38 per cent and conjecture as to the future of the Government's 24 per cent holding.

The Takeover Panel is to investigate the News International purchase of a 9.4 per cent holding in William Collins from Pergamon Press at 255p a share, which took News's stake to more than 42 per cent of the Collins voting capital while leaving the bid for the latter's "A" shares at 150p; on Thursday, however, the offer for the "A" was raised to 163p. The Panel will also be looking into other arrangements involving, inter alia, a merger between the printing operations of News and British Printing Corporation, a Pergamon subsidiary. The bid for Collins will not be referred to the Monopolies Commission.

A rising market in recent weeks, Arbuthnot Latham made further progress following last Monday's announcement of "certain approaches" which might lead to an offer for the group —parent to one of the City's accepting houses.

The board of Charles Hill of Bristol unanimously recommend the increased bid of 125p per share from the Consortium led by Mr. Alastair Milne.

Dealings in United Scientific Holdings were suspended at 448p pending details of the rights offer to raise funds to finance the agreed purchase of BL's Alvis for £27m. Dealings were also suspended in Lincroft Kilgour, at 34p, awaiting the result of talks which may lead to the sale of a substantial part of the group, and in Charles Booth, at 20p, ahead of a possible bid.

The Monopolies Commission cleared Lonrho's £6m bid for the Observer, Britain's oldest Sunday newspaper.

LTA, controlled by Anglo American Corporation and based in South Africa, has exercised a loan guarantee option to raise its stake in Bath and Portland from 5 per cent to 20.9 per cent. LTA has undertaken not to take its holding in B and P above 21 per cent in the next three years.

Delta Group sold its 50 per cent holding in South African associate Macdem (Pty.) to realise R21.7m, and Saatchi and Saatchi, in a £5.6m deal, is acquiring Dorland Advertising to create "the biggest advertising business in the UK."

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Anglo Metrop.	119	106	101	6.77	First Penn. Mort. Trust	—
Beralt Tin	110*§	104	75	6.31	Charter Cons.	—
Cambridge & Pet.	350*	363	280	14.00	Lon Merchant Securities	—
Collins (Wm.)	225*	228	180	9.27	News Int.	17/7
Collins (Wm.) 'A'	150*	160	135	14.51	News Int.	17/7
Constrctn. Hldgs.	206§	210	193	1.86	Fulcrum Inv. Trust	—
G. H. Downing	300*	240	158	12.06	Hanson Tst.	8/7
G. H. Downing	250	240	228	15.07	Steetley	15/7
Greenbank Trust	160	150	178	1.28	Sturla Hldgs.	—
Hield Bros.¶¶	15½*	15	10½	2.32	Gamma Beta Inv.	—
Hill (Chas.)	125*	122	92	1.46	Consortium	—
Hirst & Mallinson	33½	32	30	1.73	Assoc. Brit. Eng.	—
Lloyds & Scottish	200*§	197	185	144.21	Lloyds Bank	—
Myson	68*	64	48††	6.53	Consortium	—
NCC Energy	—	124	135††	—	Simplicity Pattern	—
Paringa	80*	81	72	8.64	Apollo Int. Mines	—
Paringa¶¶	72½§§	81	65	7.83	Hampton Areas	25/7
Nathan (B. & I.)	35*	34	34	0.65	Parker Knoll	—
Rno Estates	58*§	60	58	0.79	E. Produce and Laurie Plnts.	—
St Piran¶¶	60*§	65††	65††	4.93	Gasco Invs.	—
Utd. City Merc.	40*	39	29††	14.07	Arab Asian Bank	—
Westward TV 'C'	24*	23½	20	2.31	TV Sth. West	9/7
Wight Hldgs.¶¶	30*§	34	30	0.38	Thornwd. Inv.	—
Winston Est.	—	115	73††	—	Sterling Credit	—
Wrighton (F.)	77½*	72	70	3.49	Greenbrook	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 3/7/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Bett Brothers	Feb	920	(1,020)	1.2	(1.2)
Blundell Permglz.	Apr	313	(540)	1.6	(1.6)
Burns Anderson	Mar	227L ¶	(367)	0.6	(0.6)
Granada Group	Apr	24,440	(22,900)	1.75	(1.58)
Robt. Kit. Taylor	Mar	147L	(352)	3.0	(3.0)
SGB Group	Mar	4,970	(7,660)	2.3	(2.3)
Thrml. Syndicate	Apr	116	(775)	3.0	(3.0)
Utd. Guarantee	Mar	64L	(56)	—	(0.23)
Whatlings	Mar	131	(99)	—	(0.9)

Scrip Issues

Hazlewood Foods—One for ten.

Evans of Leeds—One for one.

Rights Issues

Brengreen—Is raising £2.35m by way of a rights issue on the basis of one new share for every five shares at 45p, and two for every £1 nominal of the 10 per cent convertible loan stock held on June 24.

Extel—Is raising £4.39m by way of a rights issue on the basis of one for four at 176p per share.

Offers for sale, placings and introductions

Inco—Is raising £25m in a 25-year unsecured loan stock 15¾ per cent at a minimum price of £98½ per cent.

Jackson Exploration—Coming to the Unlisted Securities Market by way of an offer for subscription of 4m shares at 72p a share.

Norsk Data—London listing.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Avana Group	Mar	5,460	(4,350)	17.7	(14.5)	5.0	(4.17)
Bardon Hill	Mar	2,160	(1,980)	20.6	(26.6)	7.25	(6.75)
BET Omnibus	Mar	6,430	(9,140)	67.2	(84.8)	—	(—)
Brengreen	Mar	717	(431)	2.6	(1.7)	0.7	(0.5)
Brent Walker	Mar	280	(930)	10.8	(14.6)	1.75	(1.75)
Brit. Cinematgph.	Jan	20	(86)	1.4	(9.0)	2.1	(2.1)
British Tar	Mar	707	(1,580)	3.0	(8.1)	2.1	(2.1)
Bromsgrove Cstg.	Mar	180	(356)	4.9	(9.8)	2.25	(4.0)
Brown & Tawse	Mar	1,570	(4,160)	71.9	(20.6)	6.4	(6.4)
Burtonwood Brwy.	Mar	2,760	(2,170)	27.6	(36.8)	5.18	(4.52)
Centrovncl. Est.	Mar	1,870§	(1,350)§	5.2	(4.1)	2.66	(2.0)
Crts. Furnishers	Mar	3,760	(5,360)	13.7	(13.9)	3.7	(3.7)
Emray	Dec	97‖	(163)‖	0.7	(1.2)	—	(—)
Evans of Leeds	Mar	2,509‡	(2,097)‡	9.2	(7.2)	4.0	(3.0)
GEC	Mar	476,000	(415,000)	54.5	(45.7)	10.25	(8.25)
Hazlewood Foods	Mar	1,000	(712)	17.3	(15.0)	7.0	(6.0)
Holden (Arthur)	Mar	1,430	(2,140)	12.9	(20.4)	5.0	(5.0)
Jantar	Dec	488	(77)	13.4	(2.4)	3.0	(1.5)
Jcksns. Brne. End	Mar	151	(332)	6.8	(16.5)	5.0	(5.0)
Jones (Edward)	Dec	7	(23)L	2.0	(2.6)	—	(—)
Marshall's Hlfx.	Mar	2,710	(3,200)	15.3	(22.5)	4.5	(4.5)
Munton Bros.	Apr	273	(202)†	3.2	(3.8)	—	(—)
NCC Energy	Mar	2,170L	(102)	—	(0.9)	1.75	(1.4)
New Crt. Resrces.	Mar	714	(758)	2.1	(1.3)	1.0	(1.0)
Norcros	Mar	22,360	(19,180)	14.0	(11.6)	5.52	(5.52)
Polymark Intl.	Dec	665	(1,580)	5.1	(15.8)	3.7	(3.7)
Regalian Props.	Mar	300	(403)	4.5	(8.4)	—	(—)
Scot. & Newcastle	May	33,100	(39,100)	10.1	(10.1)	4.38	(4.38)
Somic	Mar	2L	(137)	0.6	(3.1)	1.0	(2.68)
Spong	Dec	777L	(287)	—	(—)	—	(—)
Stead & Simpson	Mar	2,130	(3,820)	7.4	(13.2)	3.5	(3.25)
Sutcliffe Spkmn.	Mar	374L	(503)L	—	(—)	—	(—)
Textured Jersey	Apr	1,060	(835)	21.2	(16.4)	5.5	(4.5)
Thwaites (Daniel)	Mar	3,580	(3,120)	49.8	(37.9)	—	(—)

(Figures in parentheses are for corresponding period.)

* Dividends shown net except where otherwise stated. † For previous 16 months. ‡ Results were announced on 23/6/81. ¶ For nine-months. ‖ Profits after tax. § Revenue before tax. L Loss.

APPOINTMENTS

Changes at Kleinwort Benson

Mr D. L. M. Robertson has retired from the board of KLEINWORT BENSON but continues as a director of Kleinwort Benson Lonsdale. Mr P. J. Parsons and Mr P. R. Rickwood have been appointed to the board of Kleinwort Benson. Mr J. A. Spall has been appointed managing director and Mr A. F. Baker and Mr N. R. Newitt have been appointed to the board of Sharps Pixley. The following have been appointed assistant directors of Kleinwort Benson: Mr G. R. M. Kemball, Mr I. R. Peacock, Mr A. P. G. Stanley-Smith, and Mr B. P. White. The following have been appointed assistant directors of Kleinwort Benson Investment Management: Mr J. L. Ernest, Mr R. D. C. Prichard and Mr B. C. R. Siddons.

★

BRITISH RAILWAYS has appointed Mr I. D. Gardiner managing director, British Rail Engineering, to the new post of director of engineering, British Railways headquarters. Mr Gardiner will be concerned with the direction and policy co-ordination of the board's civil, mechanical and electrical engineering, signal and telecommunications engineering, and architecture departments. He takes up the post on July 13.

★

Mr Bill Read, managing director of SPERRY UNIVAC UK, has been appointed a vice-president and general manager.

★

Mr David Porter has been made managing director—fleet for KIRKBY CENTRAL GROUP.

★

Mr Reidar Niemi has been appointed managing director of SEAWAY DIVING (UK), a wholly-owned subsidiary of the international offshore marine contractors Stolt-Nielsen Seaway.

★

Mr T. D. Leece, a director has been appointed managing director of JENKS AND CATTELL in succession to Mr Robin Jenks. Mr Jenks will continue to serve the company on a full-time basis as chairman.

★

Mr J. R. Houlder has been appointed an associate director of C. E. HEATH AND CO. (INTERNATIONAL).

★

Mr Matts Carlgren, former managing director, has become chairman of MODO GROUP. Mr Björn Sprängare is the new managing director. Mr Sprängare was formerly deputy managing director of the group and managing director of MoDoCell AB. Mr Bernt Löf has been appointed executive deputy managing director. Mr Löf who is deputy managing director of the group is also managing director of MoDoPapper AB.

★

Mr Yoshiro Araki, formerly deputy president of the FUJI BANK, has succeeded Mr Takuji Matsuzawa as president. Mr Matsuzawa has become chairman. Mr Taizo Hashida and Mr Toru Kusukawa, formerly managing directors, have become deputy presidents. Mr Kunihiko Sasaki, formerly honorary chairman, has become counsellor.

★

Dr Klaus Marquardt, chairman of the managing board of ARAL AG, Bochum, has been re-elected as chairman of the MINERALOELWIRT-SCHAFTSVERBAND (MV), the Association of the German petroleum industry.

★

Mr Anthony Fraser, director of the Society of Motor Manufacturers and Traders has been elected first vice-president of the BUREAU PERMANENT INTERNATIONAL DES CONSTRUCTEURS D'AUTOMOBILES. Traditionally, the first vice-president becomes the next president after two years.

★

Mr Ralph M. Branca, president and general manager of EMHART CORPORATION'S Bailey division, has been named to the company's newly created post of vice-president—development. He will be responsible for the direction and co-ordination of Emhart's activities in the areas of mergers, acquisitions and divestitures.

★

Mr Robert Malpas and Mr Edward M. Muller have been elected chief executive officer and chief operating officer, respectively, of the HALCON SD GROUP, New York. Mr Malpas is president of the group and Mr Muller executive vice-president.

★

Mr Jurgen Wendland has joined BANKERS TRUST COMPANY in New York as senior vice-president in charge of foreign exchange activities. He was formerly vice-president and treasurer in the Zurich branch of Citibank where he was responsible for foreign exchange and money market operations. At Bankers Trust he will oversee foreign exchange trading in New York and also will be in charge of all of the bank's foreign exchange activities worldwide.

★

Following the formation of AUTOCLAVED AERATED CONCRETE PRODUCTS ASSOCIATION, Mr A. Bertelsen has been appointed chairman and Mr N. Bright, secretary. The Association comprises producers of aerated concrete products for the building industry.

★

Mr Joseph C. McGough has been appointed a director of GROUP 4 TOTAL SECURITY IRELAND.

★

Mr Konrad Baudert has been appointed a director of TOZER KEMSLEY AND MILLBOURN (HOLDINGS). In April 1980 Mr Baudert was appointed chief executive of TKM's industries division. He will continue in that capacity.

★

The RELIANCE MUTUAL INSURANCE SOCIETY has appointed Mr F. C. Jeffrey, and Mr R. S. Whitmore, to the board of its subsidiary, the Reliance Fire and Accident Insurance Corporation.

★

Mr Stanley C. Grimsley, joint managing director of PARFLOOR has been appointed chairman of the company.

★

Mr R. M. Godfrey has been appointed a divisional director and also takes over the duties of plant director, MEL, Dunfermline, succeeding Mr C. Whitlock who is retiring.

★

MORGAN GUARANTY TRUST COMPANY OF NEW YORK has appointed Mr Jean-Pierre Desbons, a vice-president of the bank, as assistant general manager in charge of the general banking division at its London office. He succeeds Mr Arthur M. Rogers, senior vice-president, who returned to New York. Mr Christian Jervis Read and Mr Marlbeth S. Rahe have been promoted to vice-presidents at the bank's London office—both were previously assistant vice-presidents at that office.

★

Mr Hugh David MacAdie, already a director and son of the chairman Mr Eric MacAdie, has been appointed managing director of THE KURSAAL COMPANY.

★

Ms Christine Downton has been appointed a director of the COUNTY BANK. Mr Oliver Pawle becomes an assistant director.

OVERSEAS

PHELPS DODGE CORPORATION, New York, has elected Mr J. Steven Whisler as assistant secretary and exploration counsel. The corporation, the second largest U.S. producer of copper, explores for precious and base metals and other minerals worldwide.

★

FLAIR RESOURCES, Vancouver-based oil, gas and mining exploration company, has made three senior appointments. Mr John Young, a native of Borrisoleigh, Tipperary, has been appointed president. Mr S. P. King, who recently retired as executive vice-president of the Asamera Oil Corporation, becomes vice-president. Mr Donald M. Cannon becomes a director. He is also president of Cannon Engineering and until recently was vice-president of the Asamera Oil Corporation.

★

TOYOTA MOTOR SALES CO., Tokyo, has appointed Mr Shoichiro Toyoda, vice-president of Toyota Motor Co., as president. He succeeded Mr Sadazo Yamamoto, who became adviser for the company.

★

At PAKTRANS, Rotterdam, Mr W. L. Vos has been appointed sector director for the ships agency activities; Dr P. Hollander has been made deputy sector director for the airfreight activities; and Mr P. J. Weltenberg becomes deputy sector director for the warehousing and forwarding activities.

★

Mr Panayotis Jeronimides has been appointed president of LINOTYPE INTERNATIONAL S.A. Brussels, the marketing headquarters of the Mergenthaler Linotype Group for Europe, other than Germany and the UK. Mr Jeronimides was previously managing director of Linotype Italia.

★

CEFIC, Brussels, the European Council of Chemical Manufacturers' Federations, has appointed Mr Hugo H. Lever as director general. Mr Lever, a Dutchman, was acting director general after the retirement of Dr G. Bunge at the end of 1980. He joined CEFIC in 1978 as assistant director general.

★

Vice-presidents Riad Ghali and William M. Scearce have been given assignments in WELLS FARGO BANK'S international banking group. Mr Ghali has been transferred from San Francisco to London, where he will manage the Middle East and Africa area of the international group. Mr Scearce, who previously held the London post, has been named manager of the Miami branch of Wells Fargo Bank International, an Edge Act Company based in San Francisco. Mr Scearce will also manage the central America/Caribbean/Venezuela area of the international banking group in his new assignment.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12½%
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
Robert Fraser	12 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Knowsley & Co. Ltd.	14 %
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

THE TRING HALL U.S.M. INDEX
126.8 (−0.3)
at close of business 3/7/81
BASE DATE 10/11/80 100

CORAL INDEX
Close: 544-549 (−0.3)

WORLD STOCK MARKETS

Foreign buying in Germany

LEADING EQUITIES soared on a wave of foreign *buying in* heavy turnover, pushing the *Commerzbank Index* to another 1981 high of 749, up 6.90.

Heavily favoured were Machine-Makers, and Motors, but sharp rises were common in all sectors.

Towards the end of the session, prices eased somewhat from the best on profit-taking, but net gains for many shares remained high.

Among Machine-Makers, where **Linde** shot up DM 9.50 to 353, **Deutsche Babcock** *rose* DM 8.50 to 217.5 and **M.A.N.** added DM 5 at 211. **KHD** rose DM 4 to 204.

Chemicals also posted unusually high gains, with **BASF** up DM 4 at 137 and **Bayer-Hypo** added DM 3 *at* 198.5.

Preussag (the Energy, Chemi*cals and* Metals Group) put on DM 5.30 to 165.8, while Degussa (the Precious Metals firm) gained DM 1.50 to 257 despite the recent weakness of the price *of Gold.*

Daimler added DM 9.50 at 361, gained DM 5.70 to 201, but **VW** dropped DM 10 to 170 after paying out an DM 8 per share dividend, a loss of DM 2 when adjusted for the payout—it said Thursday that it expected its major subsidiaries to continue to burden profits in 1981.

Banks were generally lower, with Dresdner Bank down DM 2 to 156.

In Electricals, Siemens improved DM 3.80 to 258.3, but *other* shares were little changed. **Brown, Boveri** (which builds large Electrical Machines and Installations) *rose DM* 6 to 284.

On the Bond Market, prices were generally lower in contrast to stocks. Bundesbank bought DM 8.6m in Public Sector Bonds to support the market. Mark-denominated Eurobonds were steady.

Wall Street was closed yesterday in lieu of July 4 holiday—Independence Day.

Canada

Stocks were mostly little changed at midsession yesterday, when the Toronto Composite Index shed 1.5 to 2,333.6

Gold shares stood out on the upside, with the index up 72.1 at 3,740.2.

Among the most active issues, Canada Permanent Mortgage Corporation, *subject of a take*-over battle, advanced $4½ to $29½.

Australia

A burst of buying in Myer Emporium shares brightened a generally dull market.

Some 2m Myer shares traded in Sydney, including two block trades. One *block of* 1m *and* a second of 250,000 was traded as the price moved up from an overnight A$2.11 to a new high for the year of A$2.25. The Home Exchange, *Melbourne,* traded a further 800,000 shares. The buyers are reported to be Singapore interests anxious to gain a strategic shareholding in a major customer.

Hooker were firm at A$1.73 and also actively traded, due to Asian interest.

Banks were mixed to firm, with CBC *and its merger partner* National, the main features — the Governor General has given assent to the bank mergers.

Tokyo

Shrugging off bad news like *the overnight decline on Wall* Street and the tightening of restrictions on credit trading, the Tokyo Stock Market went on to score another gain Friday. *The* Nikkei Dow Jones index climbed 20.78 to a further record 7,925.34. Turnover, 460m (430m) shares.

Market Authorities here tightened *controls* on credit trading in the face of the snowballing amount of debts. Effective Friday, buyers are required to put down 60 per cent of the purchase value in cash, instead of 50 per cent as before.

The market drew strength mainly from buying of slow starters among Precision Instruments, Pharmaceuticals and Consumer-Related stocks like Foodstuffs and Clothing Manufacturers.

Hong Kong

Prices recovered after a weak opening on a burst of speculative activity. The Hang Seng Index lost 14 points early in the day, then moved steadily up to close *at 1745.72, up 17.94 on the day.*

Brokers said they could cite no news for the bullish upsurge, but they noted that a new issue by **Henderson Development** early next week would be given a big boost in its debut if the market *was strong. A few "big" local* buyers who may have a vested interest in Henderson appeared to be doing a lot of buying and got things moving, commented a broker.

Hutchison gained 70 cents to *HK$21.7 on the announcement* that a bid was being made for one of its subsidiaries.

Switzerland

Share prices closed steady in slow turnover, while Foreign Bonds lost around one-half per cent on the average, with Domestic Bonds barely steady.

Some recently issued Foreign Bonds came under modest sell*ing pressure,* for the first time in over two weeks. This was partly due to professionals who have recently been buying new stock beyond their needs in order *to take* quick profits in the secondary market.

Singapore

Narrowly mixed, despite some bullish features, the Straits Times Industrial Index shed 3.11 to 945.62, making the week's loss 27.64.

Among firmer Properties, Selangor **Properties** jumped to S$12.30 from S$11.40 before being suspended—it reportedly *is in the process of finalising* an agreement regarding the 23rd-floor Asian House Office Building in Hong Kong.

Pan-Electric (the appliance *maker), jumped to* S$4.88 from S$4.50 before being suspended—Brokers said it is rumoured to be discussing a merger with Acma Electrical Industries, which also was suspended.

Trading *in MUI* was still suspended, but the Malaysian conglomerate received some good news when the Singapore Authorities approved its alternative cash offer for two Singapore hotels, paving the way for *the fast-growing* concern to acquire over 50 per cent of the **Hotel Malaysia** and **Ming Court Hotel.**

Paris

French share prices were mixed with a majority of declines at the end of another quiet session. Traders said the reduction in the Call Money rate *to* 18¾ per cent from 19 per cent hadn't been sufficient to entice buyers to the market.

The news of a one per cent fall in France's Gross Domestic Product in the *first quarter of* this year and a 1.5 per cent rise in seasonally adjusted unemployment in June were chiefly responsible for the market's lack of trend.

Amsterdam

Share prices were mainly lower, with **KLM** down Fl 4.8 to 117.5.

In Banks, **NMB** fell Fl 7.5 to 165. But **WUH** traded Fl 1.5 higher at 118.

In inactives, **HVA** gained *Fl 2.10* and **VMF** were up Fl 1.8 at 49.8. **Ballast Nedam** shed Fl 1.5, despite announcing a billion guilder Saudi order.

State Loans were higher.

Brussels

Prices stagnated in very dull trading.

The biggest gainer was **Electrobel**, up another *Fl 100* to 2,940, for a total advance of Fl 360 in the past six sessions—it has sold its 80 per cent interest in the French mini-computer company Logabax, although it will be responsible for most of the French firm's outstanding debts.

Indices

NEW YORK —DOW JONES

	July 2	July 1	June 30	June 29	June 26	June 25	1981 High	1981 Low	Since Cm'pil'n High	Since Cm'pil'n Low
●Industr'ls	959.19	967.66	976.88	964.59	992.87	996.77	1024.05 (27/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	59.93	60.06	60.47	60.79	60.82	61.05	65.78 (15/1)	58.57 (7/5)	—	—
Transport	409.60	412.46	415.19	414.96	418.57	422.29	447.38 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	106.74	107.49	107.99	108.55	108.76	108.59	117.81 (6/1)	103.99 (5/6)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	45,100	49,080	41,550	37,930	59,240	43,920	—	—	—	—

●Day's high 972.70 low 954.72

Ind. div. yield %	June 26	June 19	June 12	Year ago (approx)
	5.50	5.49	5.48	5.99

STANDARD AND POORS

	July 2	July 1	June 30	June 29	June 26	June 25	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	144.67	145.95	147.58	148.25	148.84	148.29	157.02 (6/1)	143.73 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	128.64	129.77	131.25	131.88	132.56	132.81	138.12 (6/1)	126.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	July 1	June 24	June 17	Year ago (approx.)
Ind. div. yield %	4.85	4.74	4.73	5.07
Ind. P/E Ratio	9.27	8.98	9.51	7.22
Long Gov. Bond yield	13.27	12.92	12.46	10.13

N.Y.S.E. ALL COMMON

July 2	July 1	June 30	June 29	1981 High	1981 Low
74.73	75.37	76.15	76.58	79.14 (6/1)	72.46 (20/2)

Rises and Falls	July 2	July 1	June 30
Issues Traded	1,919	1,893	1,906
Rises	455	426	483
Falls	1,084	1,134	1,054
Unchanged	380	338	369
New Highs	9	11	20
New Lows	20	24	22

MONTREAL

	July 2	July 1	June 30	June 29	1981 High	1981 Low
Industrials	397.12	(c)	401.62	398.89	409.58 (27/5)	358.28 (20/2)
Combined	385.92	(c)	389.79	388.12	375.16 (27/5)	359.34 (20/2)
TORONTO Composite	2355.1	(c)	2361.1	2381.4	2378.8 (10/4)	2161.4 (20/2)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Conoco	1,597,500	69¼	+1⅛
Sony	583,300	20⅝	−⅛
Exxon	582,700	33⅝	−⅞
Kaneb Services	559,700	22⅝	+1⅝
Fed. Nat. Mort.	517,800	9⅝	−⅛
Am. Tel & Tel.	506,000	55	−⅛
Texasgulf	479,300	47	−⅛
Evans Products	478,300	26⅛	+⅞
IBM	434,800	56⅞	—
Smithkline	413,100	73½	−2½

	July 3	July 2	July 1	June 30	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	701.1	701.5	699.9	699.6	757.5 (8/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	577.1	577.7	574.0	574.5	755.2 (7/1)	554.9 (5/5)
AUSTRIA						
Credit Aktien (2/1/62)	59.53	58.88	59.17	58.78	65.45 (5/1)	58.78 (30/6)
BELGIUM						
Belgian SE (31/12/63)	74.27	74.20	74.40	75.86	86.16 (17/2)	69.53 (18/6)
DENMARK						
Copenhagen SE (1/1/73)	118.21	117.42	115.27	115.77	118.21 (3/7)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	78.1	78.8	80.2	81.0	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	81.1	81.3	82.1	85.5	106.8 (15/5)	79.2 (12/5)
GERMANY						
FAZ-Aktien (31/12/58)	245.47	241.89	242.17	240.34	245.47 (3/7)	•215.88 (3/2)
Commerzbank (Dec. 1953)	749.0	742.1	746.0	739.0	749.0 (3/7)	668.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	92.9	95.5	94.0	94.5	98.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	74.0	74.0	74.1	74.5	75.4 (22/6)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1745.72	1727.78	(c)	1734.55	1730.55 (12/6)	1295.44 (11/5)
ITALY						
Banca Comm Ital (1972)	220.59	226.19	229.21	230.56	292.05 (3/6)	175.56 (6/1)
JAPAN						
Dow Average (16/5/49)	7925.34	7904.56	7894.95	7857.42	7925.34 (3/7)	6956.52 (13/3)
Tokyo New SE (4/1/68)	588.48	587.67	557.07	586.15	588.48 (3/7)	495.78 (5/1)
NORWAY						
Oslo SE (1/1/72)	120.56	119.01	118.74	118.75	127.37 (4/5)	110.34 (5/6)
SINGAPORE						
Straits Times (1966)	945.62	949.73	958.63	957.60	973.29 (26/5)	859.51 (2/1)
SOUTH AFRICA						
Gold (1958)	—	483.1	479.9	476.7	797.8 (7/1)	475.7 (30/6)
Industrial (1958)	—	590.5	592.9	595.7	665.5 (1/5)	557.2 (5/2)
SPAIN						
Madrid SE (30/12/80)	135.1	132.56	134.58	135.25	141.40 (17/6)	100.48 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	588.45	591.84	581.91	578.49	591.84 (2/7)	464.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	288.0	287.4	288.9	288.2	304.2 (2/4)	273.8 (27/5)
WORLD						
Capital Intl. (1/1/70)	15.24	—	155.2	154.6	162.5 (6/1)	149.6 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Cash rules eased for Milan bourse

By James Buxton in Rome

CONSOB, the Italian bourse watchdog, is to lift from Monday its emergency rules requiring cash settlement of share dealings in three days. The rules were imposed in mid-June to arrest a sudden collapse of share prices on the Milan bourse.

From Monday, the bourse will resume the system of monthly trading accounts, but buyers of shares must deposit 30 per cent of the value of the transaction in cash with the buying agent at the time of buying. Before the emergency regulations investors could trade on a monthly account with no cash deposit.

Sellers of shares must deposit now 70 per cent of the value of sales at the time of selling—a move clearly aimed at preventing selling short.

The new arrangement is a compromise worked out between Consob and main users of the bourse—the stockbrokers and the bankers—in the wake of the emergency regulations.

The sudden move to cash transactions stopped what looked like a precipitous fall in share values, but also brought a drastic drop in share trading. The average value of shares traded dropped from about L100bn a day (U.S.$33.3m) before the new rules to less than L10bn after it. At one stage, blocks of 50 to 100 shares were unable to obtain buyers.

Nevertheless, share values have continued to fall and are now about 38 per cent below their peak this year, achieved in May.

The newly-constituted Consob wants to reform the Milan Stock Exchange and consolidate the great revival in the Milan market.

Canada Development to raise $1.75bn Eurocredit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

CANADA DEVELOPMENT Corporation is raising a U.S.$ 1.75bn 10-year Eurocredit facility, principally to finance its planned acquisition of Canadian assets held by Elf Equitaine of France.

The loan, which is unusually large by the Euromarket standards for corporate finance transactions, is being led by three Canadia banks—Bank of Montreal, Bank of Nova Scotia and Royal Bank of Canada.

Interest has been set at a margin of ½ per cent over London Interbank Offered Rates for Eurodollars (Libor) for the first five years, rising to ⅝ per cent thereafter. Repayment begins after a grace period of 5½ years.

These are somewhat higher margins than the market would expect to see on a sovereign guaranteed borrowing by a Canadian entity, but CDC is only 49 per cent owned by the Government of Canada and the loan does not bear an official guarantee.

CDC's FFr 5bn (U.S.$865m) purchase of Elf's 75 per cent stake in Aquitaine Company of Canada, an oil and gas producer, was announced a week ago as part of the French company's complex plan to acquire Texasgulf, the U.S. chemicals, metals and energy concern in which CDC has a 37 per cent stake.

If Elf's tender offer for Texasgulf is successful, CDC will cede its holding to it in return for Texasgulf's Canadian assets.

Paul Betts adds from New Yoark: Texasgulf directors are expected to meet again next week to consider possible defences against Elf's unsolicited $2.5bn bid.

After a board meeting on Thursday, Texasgulf declined to comment on whether the company had decided to fight the French bid. But sources close to the company expect Texasgulf to try to oppose it.

Banks aid Westland-Utrecht

BY MICHAEL VAN OS IN AMSTERDAM

MOUNTING sales pressure on mortgage bonds issued by Westland-Utrecht, the Netherlands' largest mortgage bank, has forced the Dutch central bank to form a consortium of major financial institutions "to restore order" to the mortgage bond market by buying bonds.

The consortium comprises the four main banks—ABN, AmRo, NMB and Rabo—and Nationale-Nederlanden, Holland's largest insurance group.

The prices of Westland-Utrecht's mortgage bonds have been severely depressed by rumours concerning the bank's financial position. In June Westland-Utrecht announced major cuts in staff in response to the deteriorating situation on the Dutch property market, where values have been declining for two years. It later cancelled its lay-off plans, saying that staff would be reduced through natural wastage.

Westland-Utrecht made a net profit of Fl 21m ($7.5m) in 1980 and a Fl 4.1m profit in the first quarter of this year. Earlier this week it became known that the bank had sold its Amsterdam headquarters for a reputed Fl 22m to the Dutch central bank.

The mortgage bank again rejected any suggestion of a link between this disposal and its financial position.

The Dutch central bank would not comment on the position of the mortgage bank. It said yesterday "we find the position of mortgage bonds important to the capital market as a whole."

A delegation of the FNV trade union stated after discussing Westland - Utrecht's financial position with the mortgage bank's management that there was "no reason for bankruptcy fears" though, there were "certain problems in certain areas of activity."

Sch 3bn support for Laenderbank

BY OUR FOREIGN STAFF

DR FRANZ VRANITZKY, chief executive of Oesterreichische Laenderbank, said in London yesterday that he expected to need only Sch 3bn ($175m), of a Sch 4bn facility created by the Austrian Parliament.

The facility is to help the bank write off over a maximum of 25 years loans outstanding from Oesterreichische Klimatechnik (OKG), which is insolvent, and his bank's affiliate Eumig, which has been making losses.

The law enables the finance Minister, Dr Herbert Salcher, to guarantee these loans, permitting them to remain in the bank's asset portfolio until they are written off by instalments.

The remaining Sch 1bn would be available for other institutions, should they need it. The facility is entirely separate from another created for Credex, a British-owned financial institution in Vienna, which faces the prospect of losses incurred in connection with export deals done by OKG.

Dr Vranitzky said that losses at Eumig, a manufacturer of cine equipment, were running below last year's level. He did not believe that Eumig's burden on the bank would rise above the Sch 2bn so far known, but Eumig's profitability must be improved.

He stressed that the publicity surrounding the matter had not led to withdrawals of deposits. He had been to Frankfurt earlier this week and had found the German banks happy to continue doing business with him.

First-half downturn at Conti Gummi

By Our Financial Staff

REDUCED SALES and profits are reported by Continental Gummiwerke, the major German tyre group, for the first half of 1981.

The profits outlook for the year as a whole remains uncertain, the company said at the annual meeting. Demand was weak and competition was mounting.

For 1980 Conti-Gummi paid its first dividend for nine years following a sharp recovery in profits after tax to DM 26.9m ($11m). In recent years trading has been dogged by a number of losses.

Although first-half 1981 sales were lower, turnover during May and June had turned upwards suggesting that for the full year Conti-Gummi could possibly emerge with a result in excess of the DM 1.8bn of sales returned in 1980.

The company complained that Japanese car exports to Europe were cutting seriously into the European rubber industry's sales

Herr Carl Hahn, managing board chairman, said that the 745,000 cars that the EEC imported from Japan last year meant simultaneous imports of 3.5m tyres and 20,000 tonnes of allied rubber products.

Triumph-Adler postpones Press conference

By Our Financial Staff

TRIUMPH-ADLER, the German office machine and data processing company controlled by Volkswagen, has postponed the annual Press conference to present 1980 results just four days ahead of the event.

The company says the step was taken because of "important decisions" that will result from talks between its supervisory and managing boards.

However, it is being suggested in Germany that Triumph-Adler's top management faces a shake-up followign losses of DM 86m ($35m) in 1980.

Genstar lifts bid for Canada Permanent

BY ROBERT GIBBENS IN MONTREAL

GENSTAR, the Canadian real estate and financial services group, has raised its cash offer for all the shares of Canada Permanent Mortgage which operates the third largest trust company in the country. Genstar has said it will take up and pay for any or all Canada Permanent shares tendered.

The company have also received assurance from the Foreign Investment Review Agency that it will not interfere with the Genstar bid. Major blocks of Genstar stock are held in Europe and the U.S.

The higher bid is Genstar's reply to an offer by First City Financial, a financial services group controlled by the Belzberg brothers of Vancouver.

Genstar now offers C$31 per common share of Canada Permanent and C$36.90 for each convertible preferred, up from C$30 and C$35.70, for a potential total outlay of C$264m (U.S.$220m).

The Belzbergs had offered a share exchange bid around the same value as the first Genstar bid, which would have left the First City with about one-third of the shares of the enlarged financial group.

First City says it has received 71 per cent acceptance for its bid due to expire on Monday and have begun litigation to block the Genstar bid.

Genstar's head office is in Vancouver and executive offices are in San Francisco. Its real estate development business is split between Canada and the U.S. For many years it was based in Montreal, and operated as an investment holding company, controlled effectively by the Societe Generale de Belgique which now holds 16 per cent of its shares.

Shiseido's income slips

BY YOKO SHIBATA IN TOKYO

SHISEIDO, THE Japanese manufacturer of cosmetics, suffered a setback in earnings in the first-half, against the background of slack sales

Shiseido's operating profits for the six months to May fell 3.7 per cent to Y12.06bn ($53.4m). Net profits were down 7.4 per cent to Y5.1bn. Sales showed a gain of 0.6 per cent to Y145bn ($642m).

Per share profits were Y24.51, compared with Y26.46, and the interim dividend is held at Y5.

The company's stocks of cosmetics rose in the half, as a result of the cold winter. Cosmetics sales gained 2 per cent, and accounted for 88 per cent of the total.

In the current six months, ending November 30, the company expects a recovery in cosmetic sales. Financial revenues from its liquidity fund will be trimmed to Y1.2bn as the result of lower interest rates.

Operating profits for full fiscal year are forecast at Y24.3bn, up 2.5 per cent on the previous year. Increased corporation taxes, however, are expected to lower net profits by 4 per cent to Y10.2bn on sales of Y303bn, up 3 per cent.

Adobe stake for Francana

BY PAUL BETTS IN NEW YORK

AMAX, the U.S. mining and metals company which recently rejected a $3.9bn takeover bid by Standard Oil of California, accepted a $140.3m offer by Francana Oil and Gas of Canada for its 30 per cent interest in Adobe Oil and Gas, a U.S. oil company with assets in the U.S., Canada and the Dutch sector of North Sea.

Francana, which is 58 per cent owned by Hudson Bay Mining and Smelting company itself controlled by Anglo American of South Africa, topped last week a $105m offer by Williams Companies of Oklahoma for the Amax stake in Adobe.

Amax subsequently said it would review the two offers. But Francana decided to raise its offer to $32 a share in a deal worth $140.3m.

Moderate annual growth at Toshiba

By Our Financial Staff

TOSHIBA, Japan's second largest manufacturer of general electric equipment has reported a 10.7 per cent rise in consolidated net profit for the year to March to a record Y50.2bn ($221m) from Y45.32bn the previous year. This follows a 95.7 per cent rise in 1979-80.

The company said that it had suffered from weak sales of home appliances because of a sluggish domestic economy and by mild weather in the winter and the summer of last year, which curtailed sales of items such as space heaters and air conditioners.

Sales rose by 10.2 per cent to a record Y2,010bn ($8.86bn) from Y1,900bn.

About a quarter of Toshiba's 83 subsidiaries that sell home appliances were in the red last year, as were several large subsidiaries that manufacture the appliances. Sales of air conditioners fell by 25 per cent.

On the other hand, sales of computer and office equipment related products did well.

Sales of video cassette recorders grew by 60 per cent, and colour television sets by 10 per cent, heavy electrical machinery 10 per cent and semiconductors 35 per cent.

The company expects consolidated net income for the current year to rise slightly, to about Y52bn, and sales to reach about Y2,300bn. Toshiba's forecasts are based on the belief that sales of heavy electrical machinery, communications equipment and electronic appliances will continue to increase, to an extent more than covering poor sales of home appliances, to be expected after the cool summer.

COMMODITIES/REVIEW OF THE WEEK

Pact go-ahead boost for cocoa market

BY OUR COMMODITIES STAFF

COCOA WAS the star performer on the London commodities market this week, the September position gaining £105 to £972.5 a tonne.

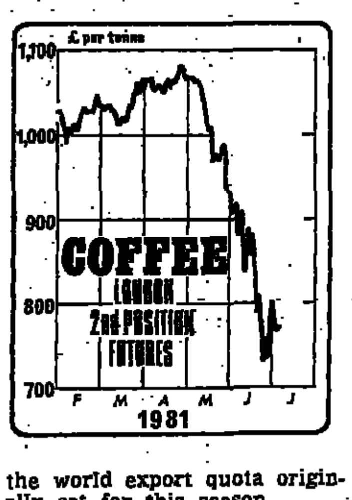
The rise, which consolidated the recovery from recent 5½-year lows, was sparked off by the decision of most producers and a few consumers to activate provisionally the 1980 International Cocoa Agreement at a meeting in Geneva. They did this in spite of the continued refusal of the Ivory Coast, the world's biggest producer, to join the pact.

The Ivory Coast's absence, caused by dissatisfaction with the agreement's 110 cents a pound floor price, resulted in the EEC refusing to take part for the time being. But the EEC Commission said it had not given up hope of pursuading the Ivory Coast to join thus clearing the way for full operation of the pact.

The current world cocoa price is some 30 cents below the agreement's floor.

News that the International Coffee Organisation had decided to trim another 1.4m bags (60 kilos each) off total 1980-81 coffee export quotas boosted coffee prices on the London futures market and the September position ended the week £34.50 up at £770.5 a tonne.

The latest reduction imposed because of the continued weakness of the market, means 5.6m bags has now been trimmed off the world export quota originally set for this season.



This week's quota reduction wil be restored if the ICO 20-day average price, which currently stands at about 96 cents a lb, rises above 115 cents. But this prospect became more remote yesterday when the U.S. Agriculture Department forecast a 12 per cent rise in production next year to a record 94.2m bags.

Supplies available for export would jump from 62.6m bags this year to 73m, the department estimated. It put the 1981-1982 crop in Brazil, the world's biggest producer by far, at between 31m and 33m bags, up 50 per cent from 1981-82.

The sugar market was relatively quiet with the October position on the London futures market ending £1.15 up at £204.975 a tonne. At this week's tender in Brussels the EEC Commission issued export licences for 78,490 tonnes of white sugar, well down from last week's 132,350 tonnes record.

Silver prices dropped this week to the lowest level for nearly two years, following the sharp decline in gold. The London bullion spot quotation for silver dipped to a low of 428.50p before recovering slightly to end the week at 445.55p a troy ounce, 26.5p down on a week ago.

Apart from the weakness in gold, silver was also depressed by further moves in Congress to authorise the sale of surplus silver from the strategic stockpile. Although there is known to be considerable opposition to the proposed stockpile silver sales, both the House of Representatives and the Senate have passed bills authorising sales.

Free market platinum was hit too by the decline in gold. The dollar price fell to the lowest level for 21 months, but the decline in London was restrained by the reduced value of sterling against the dollar. After touching a low of £210.15 the London price closed yesterday at £215.95 a troy ounce, £3.25 lower than a week ago. The dollar free market price at $407.75 is, however, well below the South African producer price of $475 and inevitably there are rumours that the producers may be forced to cut their price. The fall in the value of sterling was the main influence on the base metal markets.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1981 High	1981 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£780/70
Free Market c.i.f.	$1150/1180	—30	$1,680/720	$1500/1530	$1150/180
Antimony					
Free Market 99.6%	$2750/2850	—25	$3,260/310	$3209/3280	$2750/850
Copper Cash Wire Bars	£865.5	+2.25	£904	£879.25	£755
3 months Do. Do.	£890.75	+3	£925.75	£903.25	£777.5
Cash Cathodes	£860.5	+4.75	£881.5	£874	£748.5
3 months Do.	£881.0	+2.75	£902.5	£893.5	£765.5
Gold per oz	$414	—30	$656.5	$601	$414
Lead Cash §	£380.5	+8.8	£346.5	£380.5	£273.75
3 months §	£380.75	+6	£353	£380.75	£285.25
Nickel	£3,850.50	+346	£3,246.35	£3,850.5	£3,156
Free Market c.i.f. lb.	275/295c	—	280/310c	295/310c	275/285c
Platinum per oz	£247		£182.50	£247	£202
Free Market per oz	£215.95	—3.25	£298.70	£243.40	£185.60
Quicksilver (76lbs.)	$425/430	+2.5	$400/410	$430/435	$355/365
Silver per oz	445.55p	—28.5	719.0p	671.20p	428.50p
3 months per oz	458.20p	—29.5	747.0p	695.70p	441.20p
Tin cash	£6,632.5	+205	£7,302.5	£6,680	£5,700
3 months	£6,727.5	+175	£7,285	£6,809.5	£5,865.5
Tungsten Ind.	$143.64	—1.45	$143.85	$149.08	$140.56
Wolfram (22.04 lb)	$148/150		$143/146	$151/155	$142/145
Zinc cash	£443.5	+13	£507.75	£443.5	£306.5
3 months	£444.25	+8.5	£318.5	£440.75	£318.25
Producers	$925	—	$780	$925	$825
GRAINS					
Barley Futures	£95.20w	+0.25	£95.60	£102.80	£94.40
Maize French	—	—	‡	£127.5	£119.75
WHEAT Futures	£99.40w	—0.80	‡	£121.10	£99.10
Hard Winter Wheat	£115.50v	+7.55	£95.10	£118.00	£102.0
SPICES					
Cloves (g)	£4,750y	—	£3,875	£4,750	£3,800
Pepper, white	$1,900z	—	$2,275	$2,150	$1,900
black	$1,225z	—	$1,650	$1,650	$1,225
OILS					
Coconut (Philipines)	$560y	—5	$645	$640	$525
Groundnut 5%	‡		‡	‡	‡
Linseed, Crude	£452	+10	£410	£460	£400
Palm Malayan	$602.5u	—7.5	$557.5	$645	$560
SEEDS					
Copra (Philipines)	$555y	—	$440	$430	$350
Soyabeans (U.S.)	$291	+5.25	$300	$340	$262
OTHER COMMODITIES					
Cocoa Shipment§	£1028	+90	£1,104	£1,091	£850
Cocoa Futures Sept	£972.5	+105	£1,053.5	£997.5	£789.5
Coffee Futures Sept	£770.5	+34.5	£1,476.5	£1,083.5	£734.5
Cotton Index	86.55c	—0.4	85.30c	101.15c	85.70c
Des Coconut	$680	—	£725	£680	£640
Gas Oil Fut. Aug	$288.75	—		$307.5	$268
Jute UA BWC grade	£230y	—	£209	£230	£219
Rubber kilo	59.5p	+0.5	59p	62p	51.5p
Sago Pearl	£218y		£207	£218	£197
Sisal No. 1	$720	—10.0	$885	$780	$720
Sugar (Raw)	£205.00	—	£290	£315	£168
Tapioca No. 1	£215y	—	£205	£215	£207
Tea (quality) kilo	127p	+1	149p	127p	117p
(plain) kilo	80p	—	70p	80p	59p
Wooltops, 64s Warp	374p kilo	+13	289p kilo	374p kilo	294p kilo

‡ Unquoted. (g) Madagascar. (y) June/July. (z) July/Aug. (u) Aug. (w) Sept. * Nominal. § Ghana cocoa.

MARKET REPORTS

BASE METALS

BASE METAL prices were quiet on the London Metal Exchange, with New York markets closed and the absence of a clear lead from currency movements. Copper closed at £890.5, Tin was finally £6,750 and Lead finished at £380.5. Zinc traded within a narrow range and was finally £444. Aluminium finished at £632 and Nickel eased to £3,250.

Amalgamated Metal Trading reported that in the morning copper three months wirebars traded at £889.5, 90, 91, 91.5, 92, 91.5, 91. Cathodes Cash £860. Three months £881. Kerb: Wirebars Three months £890.5, 90, 89.5. Afternoon: Wirebars Three months £889.5, 90, 90.5. Kerb: Wirebars Three months £891, 91.5. Turnover 14,150 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	868.9	+2	865.6	-1.75
3 months	890.5	+.25	890.5-1	-.5
Settlem't	869	+2	—	......
Cathodes				
Cash	860.1	+1.25	860-1	—
3 months	881.2	-.25	880.5-1.5	-1.25
Settlem't	861	+1.5	—	......
U.S. Prod	—		*83.5-7	......

Tin—Morning: Standard Cash £6,630, 35, 40, 35. Three months £6,720, 30, 40, 50, 40, 35, 30. Afternoon: Standard Three months £6,720, 15, 10, 20. Kerb: Standard Three months £6,730, 40, 50. Turnover 985 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6630-5	—	6630-5	+5
3 months	6730-5	—15	6725-30	—5
Settlem't	6635	—	—	......
Standard				
Cash	6630-5	—	6630.5	+5
3 months	6730.5	—15	6725-30	—5
Settlem't	6635	—	—	......
Straits E.	‡529	+.1	—	......
New York	—		—	

Lead—Morning: Cash £378.5, 79. Three months £379, 80, 80.5, 80. Kerb: Three months £380, 81. Afternoon: Kerb: Three months £380. Turnover 14,075 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	379-.80	+5.25	380-1	+5.25
3 months	379.5-80.5	+.5	380.5	+2.5
S'ment	380	+3.5	—	.....
U.S. Spot	—		*38	.....

Zinc—Morning: Cash £441, 42. Three months £440, 42. Kerb: Cash £442. Three months £442, 43, 44, 43. Afternoon: Cash £443.5. Three months £443, 44, 43.5, 44. Kerb: Three months £444, 44.5, 44. Turnover 10,725 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	441-2	+5.62	443-4	+3.5
3 months	441.5-2	+2	444-.5	+1.5
S'ment	442	+6	—	......
Primw'ts	..	......	*45.5	......

Aluminium—Morning: Three months £629, 30, 31, 30.5, 30, 30.5. Kerb: Three months £630.5. Afternoon: Three months £630, 30.5, 31. Kerb: Three months £631, 31.5, 32. Turnover 2,850 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	610.5-2	+2.75	611-2	+4
3 months	630.5-1	+2	631.5-2	+4

Nickel—Kerb: Three months £3,235. Afternoon: Kerb: Three months £3,250. Turnover 462 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3210-5	—17.5	3225-40	+10
3 months	3220-40	—40	3240-60	—2.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 3.25p an ounce higher for spot delivery in the London bullion market yesterday at 445.55p. U.S. cent equivalents of the fixing levels were: spot 844.1c, up 13c; three-month 879.8c, up 14c; six-month 914.6c, up 14.9c; and 12-month 981.5c, up 13.2c. The metal opened at 447-453p (845-855c) and closed at 446-452p (845-855c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	445.55p	+3.25	447.0p	+1.5
3 months	458.20p	+3.70	459.75p	+1.25
6 months	472.50p	+3.50	—	......
12months	592.55p	+3.15	—	......

LME—Turnover 339 (130) lots of 10,000 ozs. Morning: cash 445.5; three months 458, 57.5, 58. Kerb: untraded. Afternoon: three months 458, 59. Kerb: untraded.

COCOA

Futures initially eased due to belated trade hedging and profit-taking but renewed industry and trade support later rallied prices sharply. Further producer sales were well absorbed during an active day, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	945-950	+25.0	951-905
Sept	972-973	+23.0	978-926
Dec	1006-08	+21.5	1015-964
March	1025-26	+16.0	1033-998
May	1036-37	+12.0	1041-91
July	1046-47	+8.0	1050-15
Sept	1059-60	+5.0	1069-50

Sales: 6,737 (4,533) lots of 10 tonnes.

ICCO Futures—Daily price for July 2: 83.03 (83.01); five-day average 79.89 (78.52).

COFFEE

London failed to acknowledge fresh Brazilian frost fears and after opening higher fell away during a moderately active morning session, reports Drexel Burnham Lambert. With the U.S. market closed afternoon trading was thin.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	740-45	—2.5	841-28
Sept	770-71	+2.5	777-57
Nov	767-68	+5.0	868-53
Jan	768-70	+7.0	868-54
March	767-68	+10.0	868-50
May	762-65	+4.5	763-57
July	765-70	+2.5	—

Sales: 3,271 (5,119) lots of 5 tonnes.

ICO Indicator prices for July 2 (U.S. cents per pound): Comp. Daily ICA 1976 93.50 (94.25); 20-day average 96.07 (96.88).

GAS OIL FUTURES

With New York closed the market remained quiet through most of the day. Towards the close interest particularly in the near months pushed prices up in thin market conditions, reports Premier Man.

Month	Yesterdy's close	+ or —	Business Done
	$ U.S. per tonne		
July	289.00	—3.75	291.00-88.00
August	288.75	+3.25	289.00-85.00
September	291.50	+2.50	291.50-88.75
October	294.00	+1.50	294.00-94.50
November	298.00	+1.50	298.25-96.50
December	303.00	+1.75	303.00-01.00
January	305.50	+0.75	305.50-05.50
February	311.25	+2.00	—
March	315.90	+2.25	316.00-16.00

Turnover: 486 (423) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business): New Zealand cents per kilo. Aug 405, 410, nil; Oct 405, 420, 406; Dec 409, 410, 414-406; Jan 412, 413, 415-412; March 421, 423, 423-420; May 429, 430, 430-427; Aug 439, 440, 440-438; Oct 440, 447, 440; Dec 440, 445, 43-442; Jan 43, 447, nil. Sales: 46.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. July 506.0, 507.0, 507.0-504.5; Oct 498.0, 499.0, 498.5-496.5; Dec 506.0, 507.0, 506.0-504.0; Mar 514.0, 515.0, 515.0-514.0; May 522.0, 523.0, 523.0-522.0; July 528.0, 530.0, 529.0; Oct 524.5, 525.6, 525.5; Dec 528.5, 530.0, 530.0-528.0. Sales: 224.

GRAINS

July wheat saw short covering in thin trading conditions. New crop wheat opened slightly higher but hedge selling pressure and lack of real buying support eased the market. Barley opened a bit higher. Some buying support was halted by hedge selling pressure. Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday's close	+ or —
July	112.50	+0.30	—	......
Sep	99.40	—0.75	95.20	—0.20
Nov	105.30	—0.60	99.20	—0.10
Jan	107.20	—0.70	102.90	—0.15
Mar	110.80	—0.70	106.10	—0.25
May	114.60	—0.85	109.55	—0.35

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent July/Aug 112.00 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent July 116.50, Aug 117.00 transhipment East Coast sellers. English Feed fob Sept 103.50 paid East Coast. Maize: S. African Yellow Aug/Sept 94.75 seller. Barley: English Feed fob Oct 100.25 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 103.00, E. Mids. 102.30, N. East 105.00, Scotland 97.50. The UK Monetary Co-efficient for the week beginning Monday July 6 is expected to remain unchanged.

Business done—Wheat: July 112.80-111.00, Sept 99.90-99.40, Nov 103.75-103.25, Jan no trades, March 111.05 one trade, May 115.10-114.55. Sales: 92 lots of 100 tonnes. Barley: Sept 95.30-95.15, Nov 99.40-99.10, Jan 103.05-102.85, March 106.30-106.05, May 110.00-109.55. Sales: 167 lots of 100 tonnes.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing uncertain. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 241.0 (244.5) cents a kg and SMR 20 217.5 (218.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
August	69.20-59.30	60.00-60.50	—
Sept	61.50-61.20	60.80-60.80	61.00
Oct-Dec	62.70-62.80	62.60-62.70	62.70-62.10
Jan-Mar	65.30-65.40	65.40-65.50	65.50-64.80
Apl-Jne	68.20-68.40	68.20-68.40	68.20-67.80
Jly-Sept	71.20-71.30	71.00-71.20	—
Oct-Dec	74.20-74.30	74.20-74.30	74.20-73.60
Jan-Mar	77.20-77.30	77.00-78.00	77.30-75.60
Apl-Jne	80.10-80.20	80.00-80.20	80.20-79.70

Sales: 254 (427) lots of 15 tonnes, 3 (1) at 5 tonnes. Physical closing prices (buyers) were: Spot 59.50p (59.00p); Aug 61.25p (61.00p); Sept 61.50p (same).

SOYABEAN MEAL

The market opened with moderate losses in dull trade, reports T. G. Roddick. Prices remained at these levels with profit taking holding prices back.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	132.10-32.4	—0.70	132.60-32.10
October	135.10-35.3	—0.70	135.80-35.00
December	140.10-40.6	—0.85	141.20-40.60
February	143.00-43.5	—0.55	143.50-45.00
April	144.00-46.0	—1.25	—
June	144.50-48.5	—1.00	—
August	145.00-50.0	—1.00	—

Sales: 33 (282) lots of 100 tonnes.

SUGAR

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for July 2: Daily price 15.26 (15.04); 15-day average 15.73 (15.77).

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	205.50-05.75	201.25-01.50	205.00-01.00
Oct.	204.35-05.00	202.25-02.50	206.00-02.00
Jan.	204.65-05.50	202.50-03.00	—
March	208.35-08.75	205.90-06.00	208.75-05.50
May	211.50-11.80	208.15-08.25	211.00-09.00
Aug	212.75-14.50	210.50-11.00	211.00
Oct	213.25-15.00	211.85-12.50	—

Sales: 2,217 (3,914) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £369.4 (342.6) a tonne for home trade and £313.0 (£308.5) for export.

LONDON DAILY PRICE—Raw sugar £205.00 (£201.00) a tone cif July-Aug shipments. White sugar daily price £232.00 (£227.00).

The market improved in quiet trading conditions, reports C. Czarnikow.

POTATOES

LONDON POTATO FUTURES—The market maintained strength despite early hesitation and closed near the day's highs, in generally more settled conditions, reports Coley and Harper. Closing sales: Nov 67.50, —0.10 (high 68.00, low 65.50); Feb 77.80, +1.00 (high 78.00, low 75.00); April 87.50 +1.00 (high 87.90, low 85.00). Turnover: 318 (767) lots of 40 tonnes.

U.S. blocks plan for new wheat agreement

MADRID — U.S. opposition to internationally co-ordinated wheat reserve stocks has stalled progress on proposals for a new agreement to replace the 1971 Wheat Trade Convention.

Delegate sources said at the end of an International Wheat Council meeting here that wheat importing countries, led by the EEC, were disappointed at U.S. delegation statements.

The U.S. position was that it had both a farmer-owned reserve and a 4m tonne food security reserve and that lack of progress on certain types of international agreement should not prevent others from following the U.S. example.

U.S. commodity markets were closed yesterday for the Independence Day holiday.

The emphasis of such national stock building should fall on exporters and developed importing countries, while developing countries would receive bilateral and multilateral aid to finance their own efforts, the U.S. urged.

The U.S. said it was willing to continue discussions and fortify the wheat council but added there were certain international proposals which could be reversals of what the U.S. considered a free maket situation, the sources said.

Most of the members supported a draft proposal submitted last March which established the need for nationally-held and internationally co-ordinated wheat stocks as a basis for negotiating a new agreement.

This proposal, aimed at maximum flexibility, suggested that in the event of sustained sharp price movements members hold consultations to decide whether to take action and what form this action should take.

But U.S. opposition to internationally co-ordinated programmes has stalled further discussion of these proposals.

The attitude of other major exporters Australia, Canada and Argentina to the proposals were still undefined although all three appeared ready to accept them as a basis for further negotiation.

However the International Wheat Council formally ratified extensions of both the wheat trade and food aid agreements.

The 1971 wheat trade convention was extended for a sixth period and the 1980 food aid convention for the first time, both for two-year periods ending June 30, 1983, the sources said.

Meanwhile in Tokyo U.S. deputy agriculture secretary, Mr Richard Lyng, said China made it clear it is likely to import about 15m tonnes of grain annually over the next few years.

Mr Lyng said that of the total this year the U.S. would provide about 8m tonnes, mostly wheat. He said Chinese officials told him that 15m tonnes was the maximum China could handle through its present port and transport facilities.

The U.S. this year began a four-year agreement to supply China with an annual 6m tonnes of grain.

Reuter

INDICES

FINANCIAL TIMES

July 3	July 2	Month ago	Year ago
250.22	250.11	251.39	272.46

(Base: July 1, 1952=100).

MOODY'S

July 2	July 1	Month ago	Year ago
1058.6	1057.4	1061.1	1188.3

(December 31, 1931=100)

DOW JONES

Dow Jones	July 2	July 1	Month ago	Year ago
Spot	372.00	372.26	386.70	435.12
Fut'rs	374.31	373.35	385.90	442.74

(Average 1924-25-26=100)

REUTERS

July 3	July 2	M'nth ago	Year ago
1771.1	1768.7	1759.6	1690.4

(Base: September 18, 1931=100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 15 tonnes, bringing the total for the week to 56 tonnes, the smallest this year. Very small off-take occurred, as users were reluctant to operate with any freedom. Transactions were scarce and demand exceedingly light.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.60, codlings £1.50-£2.50. Large haddock £2.80-£3.20, medium £2.50-£3.00, small £2.00-£3.00. Large plaice £4.80-£5.50, medium £4.40-£5.50, best small £3.60-£4.40. Skinned dogfish (large) £6.00-7.00, (medium) £3.50-£4.50. Lemon soles (large) £8.00, (medium) £7.00. Rockfish £1.60-£2.10. Reds £1.80-£2.60. Saithe £2.00-£2.40.

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stocks, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange's Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those shares in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. ⊕ Bargains done previous day. SA—$Australian; SB—$Bahamian; SC—$Canadian; SHK—$Hong Kong; SJ—Jamaican; $Ma—$Malayan; $Me—$Mexican; SNZ—$New Zealand; SS—$Singapore; SUS—$United States; SWI—$West Indian.

Delyn (20p) 10 (1 7)
Dentsply 9pcLn. 68
Dentend Stamping (50p) 95 (30 6)
Dermtron (10p) 9 11
Desoutter Bros. (Hldgs.) 108 (26,6)
Dewhurst (I. J.) (Hldgs.) (10p) 77. New (10p) 78 ½ 9
Dewhurst Partner (10p) 11 (29 6)
Dewhurst Dent (20p) 12
Diamond Stylus (10p) 13 (1/7)
Dinkie Heel (5p) 11¼
Diploma (10p) 198 200
Dixon (D.) Hldgs. 128
Dixons Photographic (10p) 163 4 5 6 7
Dixor-Strand (5p) 14
Dobson Park Inds. (10p) 94½ 5 6
Dorada Hldgs. 34 (1.7)
Dowding Mills (10p) 27½

Granada Grp. A 238 9 40 1 2
Grand Metropolitan (50p) 216 8 9 ½ 20 1
Grattan Warehouses 88 9 90 1 3
Great Universal Stores 43. A 433 6 7 8 9 40 3
Greatermans Stores A (R0.50) 435
Greenbank Indust. Hldgs. (10p) 24 5
Greenfields Leisure (10p) 37
Green's Econom.ser Gp. 116. New 114 (30.6)
Grimshawe Hldgs. (20p) 29 (29/6)
Gripperrods Hldgs. (10p) 146 (1 7)
Group Lotus Car Companies (10p) 340
Groebell Gp. (5p) 6½ 8
Guest Keen Nettlefolds (£1) 145 6 7 ½ 8 9. 6¼pcLn. 70½ 1¼

HAT Gp. (10p) 66½ 7½ 8

...

Highland Distilleries (20p) 88 9 90
...sons Brewy. 68 (30/6)
...(J.) 420
Irish Distillers 56
Macallan-Glenlivet 450 (1/7)
Macdonald Martin B 360 (29/6)
Mansfield Brewy. 244
Marston Thompson Evershed 72 (1/7)
Morland 180 (1/7)
Scottish Newcastle Brews. (20p) 63½ 4 ½ 5 ½ 6 7 ½ 8
South African Brews. (R0.20) 165 7 9
Tomatin Distillers 73 6

Atkins Bros. (Hosiery) 50 1
Attwood Garages 58½ 60 (1/7)
Audio Fidelity (10p) 20
Audiotronic Hldgs. (10p) 6 ½
Ault and Wiborg Grp. 32 3 (1/7)
Aurora Hldgs. 25½. 6pcPf. 56½ (29/6). 8.25pcPf. 60 (29/6)
Austin (F.) Sons (London) 26 (30 6)
Austin (F.) (Leyton) (10p) 15½
Austin (James) Steel Hldgs. 60 (30/6)
Automated Security (Hldgs.) (10p) 368 70. 8pcLn. 155 7
Automotive Prods. 61
Avana Grp. (5p) 283 5 6 7 8 90

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2

For rate indications see end of Share Information Service

Stocks to attract money for the call included Sterling Credit, South West Consolidated Minerals, Western Selection, Town and City Properties, Western Areas, Neill and Spencer, Tubes, Wm. Press, Commercial Union, Wm. Morrison, Courtaulds, Ofrex and Dunlop. W. Goodkind were *dealt in for the put*, while a double option was arranged in First National Finance.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$425	10	12	7	33	1	47	$414
GOLD C	$450	88	8	3	22	—	—	"
GOLD C	$475	—	—	—	—	5	28.50	"
GOLD C	$500	6	2	5	9.50	—	—	"
GOLD C	$525	30	1	—	—	—	—	"
GOLD C	$550	—	—	6	5	—	—	"
GOLD P	$400	10	13	—	—	89	16	"
GOLD P	$425	21	22	14	25	6	25	"
GOLD P	$450	12	36	2	38	—	—	"
GOLD P	$475	5	59	102	64	—	—	"
		July		Oct.		Jan.		
AKZO C	F.20	—	—	10	6.20	—	—	F25,70
AKZO C	F.22.50	17	3.20	10	4,10 B	—	—	"
AKZO C	F.25	70	1	—	—	—	—	"
AKZO C	F.27.50	—	—	29	1.30	12	2	"
AKZO P	F.25	—	—	20	0,90	—	—	"
AKZO P	F.27.50	—	—	—	—	14	2	"
HEIN C	F.50	—	—	—	—	10	4.50	F.50
HEIN C	F.55	—	—	16	1.70	—	—	"
HEIN C	F.60	—	—	20	1	—	—	"
HEIN P	F.50	—	—	13	2.80	—	—	"
HOOG C	F.20	—	—	—	—	25	1.50	F.17,90
KLM C	F.60	10	57.50 B	—	—	—	—	F.117.50
KLM C	F.80	10	37.50 B	—	—	—	—	"
KLM C	F.90	10	27.50 B	—	—	—	—	"
KLM C	F.100	116	17.50 B	—	—	—	—	"
KLM C	F.110	77	8.80	—	—	—	—	"
KLM C	F.120	258	3.30	22	14.50	—	—	"
KLM C	F.130	474	1.30	63	10	—	—	"
KLM C	F.140	268	0.60	55	6.20	—	—	"
KLM C	F.150	20	0.20	44	3.50	—	—	"
KLM P	F.90	32	0.10	—	—	—	—	"
KLM P	F.100	65	0.40	52	3.10	—	—	"
KLM P	F.110	226	1.50	86	5.50	15	8	"
KLM P	F.120	182	5.80	25	11.40	—	—	"
KLM P	F.130	35	13.50	13	17.40	—	—	"
KLM P	F.140	26	23.50	10	24	10	27 B	"
NATN C	F.115	—	—	24	6	—	—	"
NATN C	F.125	—	—	10	1.70	—	—	"
PHIL C	F.17.50	20	6 B	—	—	—	—	F.23,60
PHIL C	F.20	252	3.60	—	—	—	—	"
PHIL C	F.22.50	470	1.30	61	2.40	45	3.70	"
PHIL C	F.25	116	0.10	151	1.40	80	2.40	"
PHIL C	F.27.50	—	—	474	0.70	233	1.30	"
PHIL P	F.22.50	—	—	—	—	130	1	"
PHIL P	F.25	—	—	7	2	—	—	"
RD C	F.80	33	4.30	29	8	—	—	F.83.20
RD C	F.90	158	0.40	15	2.50	12	4.50 B	"
RD C	F.100	—	—	28	1	18	2 B	"
RD P	F.80	72	0.60	18	3.50	13	5.50	"
RD P	F.90	82	6.90	—	—	—	—	"
RD P	F.95	11	12.	—	—	—	—	"
UNIL P	F.140	—	—	10	3	—	—	F.145,80
XERO C	$60	—	—	10	1	—	—	$51⅞
		Aug.		Nov.		Feb.		
BASF C	DM.140	20	2.30	—	—	—	—	DM137
MANN C	DM.150	10	8	—	—	—	—	DM154,50
TOTAL VOLUME IN CONTRACTS						5486		

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

July 3 Total Contracts 1629 Calls 1416 Puts 213

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	320	4	1	20	—	28	5	310p
BP (c)	350	1	3	10	4	17	5	"
BP (c)	380	½	—	5	25	10	—	"
BP (c)	410	½	—	3	—	5	4	"
BP (p)	320	13	—	19	100	25	—	"
BP (p)	350	42	—	44	—	46	25	"
CU (c)	140	40	2	44	7	46	—	178p
CU (c)	160	21	252	27	30	30	2	"
CU (c)	180	7	101	14	244	21	6	"
Cons. Gld (c)	500	1½	1	16	22	23	—	435p
Cons. Gld (c)	550	1	—	7	—	12	17	"
Court'lds (c)	50	18	5	21	—	—	—	67p
Court'lds (c)	60	8	1	12	—	16½	5	"
Court'lds (c)	70	1½	—	7½	5	10½	—	"
Court'lds (c)	80	½	—	3½	—	6	12	"
GEC (c)	500	263	1	—	—	—	—	760p
GEC (c)	600	163	—	170	10	—	—	"
GEC (c)	650	113	—	122	6	148	—	"
GEC (c)	700	63	117	78	12	108	—	"
GEC (c)	750	18	125	43	14	77	1	"
Gr'd Met. (c)	160	56	4	62	—	—	—	215p
Gr'd Met. (c)	180	36	23	43	27	49	—	"
Gr'd Met. (c)	200	16	11	28	43	34	—	"
Gr'd Met. (c)	220	3½	6	14½	8	22	2	"
ICI (c)	260	24	3	36	10	48	—	282p
ICI (c)	280	8	—	26	5	36	—	"
ICI (c)	300	3	—	14	11	24	4	"
ICI (c)	330	½	—	5	10	13	20	"
Land Sec. (c)	360	58	—	70	—	80	3	414p
Land Sec. (c)	390	29	1	45	—	57	—	"
Land Sec. (c)	420	7	28	26	1	37	—	"
Mks & Sp (c)	120	8	—	18	5	23	—	126p
Mks & Sp (c)	130	2	—	10	—	15½	39	"
Mks & Sp (c)	140	½	—	5	6	10	—	"
Shell (c)	360	9	—	24	3	44	4	360p
Shell (c)	390	2½	—	13	11	30	2	"
Shell (p)	360	6	35	20	—	28	—	"
		August		November		February		
Barclays (c)	390	58	—	65	3	80	—	443p
Barclays (c)	430	32	1	45	—	60	—	"
Imperial (c)	60	12½	—	14	2	—	—	70p
Imperial (c)	70	3½	14	6	—	9	—	"
Imperial (c)	80	1	—	2¼	11	4	—	"
Lonrho (c)	90	7½	10	10½	—	14½	—	94p
Lonrho (c)	100	2½	—	5½	16	9	1	"
Racal (c)	360	64	—	77	6	90	—	421p
Racal (c)	390	34	5	52	—	68	—	"
Racal (c)	420	15	5	32	1	46	—	"
Racal (c)	460	5	6	11	—	21	—	"
Racal (p)	360	2½	—	6	—	9	2	"
Racal (p)	390	7	13	11	1	13	—	"
Racal (p)	420	17	7	21	—	24	30	"
RTZ (c)	650	33	2	50	—	62	—	635p

C=Call P=Put

CP Air to offer daily flights to N. America

CP AIR one of Canada's two leading airlines is to introduce daily flights from the UK to North America from next April thus strengthening its competition with British Airways and Air Canada. It is understood that they will leave from Gatwick and major provincial centres.

The move coincides with the ending of CP Air's contract with Jetsave the UK's low cost transatlantic operator which had been buying space on its aircraft for the past five years.

Jetsave says that as its market share has increased it will now sell flights to Canada on British Airways and Air Canada.

CP Air is to fill this gap by setting up its own UK sales division called CP Air Holidays headed by Mr Malcolm James, former assistant managing director of Jetsave.

It also plans to develop its holiday traffic by using Toronto and Vancouver airports as staging points for flights to the U.S., South America and the Pacific.

Editors admonished

EDITORS of three Scottish newspapers were admonished by a high court judge in Glasgow for contempt of court in reports of trial of 11 men accused of raising guns and ammunition for the Ulster Volunteer Force. The editors were: Mr Eric Mackay, Scotsman; Mr Arnold Kemp, Glasgow Herald; and Mr Bernard Vickers, Daily Record.

Stockbroking move

PIDGEON DE SMITT, the stockbroking firm, has expanded into Manchester, taking over the two-partner firm of J. Stephen from July 13. Pidgeon de Smitt has branches in Hereford, Ipswich Lymington, Poole and Truro. Its head office is in London.

£1,000 oil pollution fine

THE ROCOMBE Shipping Company of St. Helier, Jersey, was fined £1,000 with £450 costs yesterday for discharging oil into the sea about 40 miles south of the Scilly Isles. The company admitted the offence before Scilly Isles magistrates.

An engineer on board the 900-tonne cargo vessel Crescence was said to have pressed a wrong button last January and mistakenly released bilge water into the Atlantic, causing a 15-mile oil slick 120 feet wide.

The oil was photographed by the crew of a Nimrod aircraft on fishery patrol duty.

...

United Computer & Technology Hldgs. 101 (30/6). New Ord (50p) (With rts) (F/PAL-31/7/81) 101 2 3. New Ord (50p) (With rts) (Nil Pd-15/7/81) 2 1/16 3 4
United Eng. Indus. PLC (10p) 245
United Gas Indus. 59½
United Guarantee (Hldgs.) (5p) 11½ 12
United Newspapers 215
United Scientific Hldgs. ‡448 50 (1/7)
United Spring and Steel Grp. (10p) 16 (30/6)
United Wire Grp. 40
Unochrome Indus. (10p) 15½
Upton (E.) and Sons 39 (1/7). A.Non.V. 38 9 41 (30/6)
Usher-Walker (10p) 63 (1/7)
Utico Hldgs. (R1) 110½ (30/6)
Valor 66 8 ½ 9
Vantona Grp. (20p) 120 2 3 ½
Vectis Stone Grp. (10p) 33
Vibroplant Hldgs. 225 (1/7)
Vickers (£1) 160 1 2 3 4 5
Victor Products (Wallsend) 155 (1/7)
Victoria Carpet Hldgs. 28 (1/7)
Vinten Grp. (20p) 280 3
Vosper 118 23

W—Y—Z

"W" Ribbons Hldgs. (10p) 10½ 1½ 2½ 9
W.G.I. 88
Wace Grp. (20p) 20 (1/7)
Waddington (John) 122
Wade Potteries (10p) 44
Wadkin (50p) 75 (1/7)
Wagon Indus. Hldgs. 82 (1/7)
Walker and Homer (5p) 8
Walker (Alfred) Son (10p) 17 (30 6)
Walker (C. and W.) Hldgs. 24½
Walker (James) Goldsmith and Silversmith 84 (30/6)
Walker (Thomas) (5p) 12
Ward and Goldstone 99 100 2
Ward Hldgs. (10p) 52½. Dfd. (10p) 36
Ward (Thos. W.) 119 20 ½. 7½pcLn. 97½ (30/6)
Ward White 57 8 9
Ward White Group 8pcLn. 90

Broadstone Invest. Tst. (20p) 220 1 (1/7)
Brunner Invest. Tst. 80½
CLRP Invest. Tst. 95 (30/6). Wrts. 45½
CSC Invest. Tst. 112 (29/6)
Canadian Foreign Invest. Tst. 176 (1/7)
Capital National Tst. 168 (1/7)
Capital Gearing Tst. 50 (30/6)
Cardinal Invest. Tst. Dfd. 143
Cedar Invest. Tst. 90 1
Channel Islands Inter Invest Trust Inc Shs (£1) 248 (26/6). Cap Shs (£1) 230
Charter Trust and Agency 73
Child Health Research Inv Trust (£1) 170 (1/7)
City and Commercial Investment Trust 33½ 4½. Cap Shs (£1) 267
City and Foreign Investment 88
City of Oxford Investment Trust 112 ½ (30/6)
Claverhouse Investment Trust PLC (50p) 139 (29/6)
Colonial Securities Trust (5p) 590
Construction and Industrial Trust 278
Construction Hldgs. 203½ 4½ 9 10
Continental Union Trust 153 (1/7)
Cresent Japan Investmet Trust (50p) 328 30 1
Crossfriars Trust 121 (30/6)
Cystic Fibrosis Research Iv Trust (£1) 117 9 20 (26/6)
Danae Investment Trust Inc Shs (50p) 40 (29/6). Cap Shs (10p) 4¼. Wrts to Subscribe for 1 Inc and 1 Cap 5 (1/7)
Derby Trust Inc Shs (£1) 284 (1/7). Cap Shs (50p) 374
Dominion and General Trust 255 6
Drayton Commercial Investment 158 ½ (1/7). 6¼pcLn. 1986 128 (26/6)
Drayton Consolidated Trust 171. 6½pc Ln 1994 134 (29/6)
Drayton Far Eastern Trust 89½ 91
Drayton Premier Investment Trust 218 20 (1/7)
Drayton Premier Investment Trust 7½pc Ln 1993 128. 7½pc A Ln 1993 £120½ 130
Dualvest Inc Shs (50p) 69½ 70. Cap Shs (£1) 482 (1/7)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bassett (G.)	70	+6	General Accident	344	+5
Berkeley Hambro	286	+16	GEC	760	+17
Commercial Union	177	+7	Glaxo	388	+16
De La Rue	740	+28	Stewart Plastics	162	+16
Eagle Star	326	+9	Sun Alliance	929	+13
Federated Land	133	+7	Whitbread A	189	−7

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
RTZ	16	543	+5	First Nat. Fin.	10	3½	—
GEC	14	743	+3	Sainsbury (J.)	10	425	−8
BAT Inds.	11	375	+8	Scot. & Newcd.	10	64½	+2½
BP New (HMG)	11	25pm	—	Unilever	10	587	+2
De Beers Dfd	11	375	+7	W. Mining	10	322	+7
Barclays Bnk.	10	438	−2	Marks & Spen.	9	125	+1
Distillers	10	233	+7	Sun Alliance	9	916	+22

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thurs. closing price pence	Change on week	Stock	No. of price changes	Thurs. closing price pence	Change on week
GEC	102	743	+28	ICI	64	278	−5
RTZ	89	543	+21	BAT Inds.	63	376	+11
Racal Elect.	84	422xd	+21½	Lloyds Bank	62	388	+15
Plessey	74	238	+13	Barclays Bnk.	60	438	+15
BP Nw. (HMG)	71	25pm	−8	Brit. Aerospace	59	237	+11
[illegible]	[illegible]	49pm	−2	Comm. Union	59	170	+3
[illegible]	[illegible]	148	−9	GUS A	59	480	+8

UNIT TRUSTS (7)

MINES—Miscellaneous (326)

SOUTH AFRICAN (164)

OIL (3,158)

RAILWAYS (6)

SHIPPING (102)

PROPERTY (348)

PLANTATIONS (43)

UTILITIES (22)

UNLISTED SECURITIES

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Basildon (0268 22881)	13¾	½-year	5,000	6-10
Knowsley (051-548 6555)	12¾	½-year	1,000	1-3

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Aid to Thrift	9.20	9.45	—	—
Alliance	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs., 9.50 3 months' notice
Anglia	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Bradford and Bingley	8.25	8.50	9.75	9.25 1 month's notice deposit
Bridgwater	8.25	8.50	10.00	10.50 5 yrs., 9.60 2½ yrs.
Bristol Economic	8.25	9.50	9.75	9.25 3 months' shares. Escalator shares 9.00-10.50 (1-5 years)
Britannia	8.25	8.50	9.75	10.00 5 yrs., 9.50 3 months' notice
Burnley	8.25	8.50	9.75	10.50 5 yrs., 9.50 3 months' notice
Cardiff	8.25	9.50	10.50	—
Catholic	8.25	8.75	9.75	— 8.95 over £5,000
Chelsea	8.25	8.50	9.75	10.50 5 yrs., 9.90 1 yr., 9.50 3 months
Cheltenham and Gloucester	8.25	8.50	9.75	—
Citizens Regency	—	8.75	10.00	10.75 5 yrs., 9.75 3 yrs., 9.25 1 yr.
City of London (The)	8.50	8.75	9.60	9.41 9 mth. withdraw., increment sh.
Coventry Economic	8.25	8.50	9.75	10.00 4 yrs., 9.50 3 yrs., 9.25 3 mths.
Coventry Provident	8.25	8.50	10.50	10.55 av. 5 yr., 10.00 4 yr., 9.25 3 mths.
Derbyshire	8.25	8.50	9.75	8.75 to 9.25 3 months
Ealing and Acton	8.25	9.00	—	9.65 2 years, £2,000 minimum
Gateway	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Gateway	—	9.50	—	— Plus a/c £500 min. Int. ½-yearly
Greenwich	—	8.75	10.00	9.50 2 yrs., 9.75 3, 10.25 4, 10.75 5 yrs.
Guardian	8.25	8.75	—	10.00 3 mth., 10.50 6 mth., min. £1,000
Halifax	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Heart of England	8.25	8.50	9.75	— 3 mths. notice 9.35, 5 yrs. 10.50
Hearts of Oak and Enfield	8.25	8.75	10.25	10.00 4 yrs., 9.75 3 yrs., 9.50 2 yrs.
Hendon	8.75	9.25	—	10.25 6 months, 10.00 3 months
Huddersfield and Bradford	8.25	8.50	9.25	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs.
Lambeth	8.25	8.75	10.50	10.75 5 yrs., 10.50 6 mths.
Leamington Spa	8.35	8.50	11.50	10.10 (1 year)
Leeds Permanent	8.25	8.50	—	9.25 E. I. a/c £500 min., 9.50 £5,000+
Leicester	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Liverpool	8.25	8.50	9.80	10.50 5 yrs., minimum £1,000
London Grosvenor	8.25	9.00	11.00	9.50 6 months' notice
Melton Mowbray	8.35	8.60	9.75	10.10 4 yrs. 8.85 (up to £1,000) 3 mths. not. 9.60 (over £1,000) 3 mths.
Mornington	9.10	9.60	—	—
National Counties	8.50	8.80	9.80	9.50 35 days' notice, Min. dep. £500 6 month 9.90
Nationwide	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.00 1 yr.
Newcastle	8.25	8.50	9.75	10.50 4 yrs., 9.25 2 months' notice
New Cross	9.00	9.25	—	9.25-10.00 on share accs., depending on min. balance over 6 mths.
Northern Rock	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Norwich	8.25	8.50	10.00	9.50 3 yrs., 9.25 3 yrs., min. £500
Paddington	8.00	9.00	10.50	10.00 Loss 1 mth. int. on sums wdn.
Portman	8.25	8.50	9.75	10.50 5 yrs., 9.55 6 months' notice
Portsmouth	8.60	8.80	10.30	10.85 (5 yrs.), 10.25 (6 months)
Property Owners	9.25	9.00	11.30	11.25 4 yrs., 11.00 6 mths., 10.50 3 mth.
Provincial	8.25	8.50	9.75	10.00 3 yrs.
Skipton	8.25	8.50	9.75	10.50 5 yrs., 9.60 wdl. 1 mth. loss int.
Sussex County	8.50	8.75	10.55	11.00-9.50 (6-2 yrs.), 9.25 2 mths. not.
Sussex Mutual	8.50	9.10	10.50	9.25-10.50 all with special options
Town and Country	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Walthamstow	8.25	8.75	9.75	9.75 6 months' notice, min. £1,000
Wessex	8.50	9.60	—	—
Woolwich	8.25	8.50	9.75	10.50 5 yrs., 8.75 6 mths.

* Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

Adnams B 540
All England Lawn Tennis Gnd. (£50 Dbs 1981-85 £4,875,900
Ann Street Brewery 308
Associated Hotels 160 3 (29/6)
Aston Villa FA (1 vote) £12 (26/6)
Ayrton Saunders 7½pcPf. 37
Baker Electronics 35
Bell 5½pcPf. 34½
Berry Bros. 7½pcCum.Pf. 40½ ½ (26/6)
Burnsland Hldgs. 144 (29/6)
Booth (Charles) 19 21 (30/6)
Bristol Invest. 405 (1/7)
British Uralite 7
Burrough (James) 130 (1/7)
Caledonian Offshore 145 (1/7)
Cambridge Petroleum Royalties 365
Carlton Real Ests. 24½
Carlton Real Ests (10p) 25
C.I.C. Invest. 1
C.I.C. Invest. 2½
Clarridge 11
Comcl. Bank of Wales 75
Computer and Systems Eng. 285 90 2
Computer Services 675 (26/6)
Conray Pet. and Nat Res. 205
Costain 7½pcCum.Pf. 30 (30/6)
Crystal Palace FC and Athletic Club 150 (30/6)
Deltenne 11½ ⅝ 2¼ (26/6)
Dollar Land 31
Edinburgh Secs. 221
Eldridge Pope A 290 (1/7)
Estateways Bldrs. 4pcPf. 25 (1/7)
Exeter Bldg. Cons. New 145 (26/6)
Gaelic Oil 220 1½ 80* 3*
Gibbs Mew 212 (1/7)
GRA Prop. Tst 12½
Harrison Cowley 82 3 (30/6)
Hemerdon Mng. and Smelting 63 (30/6)
Hume Brewery 505
Intervision Video (Hldgs.) Pfd. 41 4 5 ½ 6 ½ 7
Intervsn. V (Hldgs.) 7pcCon.Pf. 162 3
Jaybiant 6½ 7
Jenkin and Purser 7
Jennings Bros. 145 (29/6)
Jersey New Waterworks 9½pc Mtg. Db. 82 4 £80 (29/6). 10pc Mtg. Db. 88/90 175 (29/6). 12½pc Db. 85/7 159 (29/6)
Jessel Tst. 18½ 19 ½ 20
Kenmare Oil Exploration 30
Kennedy Brookes 105
Key City Props. 64
Le Riches Stores 208 10 5 (30/6)
Lovell (Y J) 7pcCum Pf. 40 (30/6)
Maidline Elect. 3½
Mapalagama Rubber 26½ (1/7)
Nationwide Leisure 9
Newbury Racecourse 240
Nimslo European £13.06 (25/6)
Nimslo European 14pcBUns.Ln. £55.30 (29/6)
NMW Computers 200 5
Norton Villiers Triumph 1½
ORE 150 (1/7)
Oldham Brewery 67 70
Oldham Ests. 150 (1/7)
Oliver Prospecting Mining 62 ½*
Osband Group Invest. 5½pcPf. 24½
PMPA Insce. 50* (1/7)
Plantation and Gen. Invest. 70 (30/6)
Rangers FC 15
Quest Automation 222
Sefton Hotel 215 (1/7)
Sheraton Sec. Intnl. 16½ (1/7)
Southern Newspapers 169 (30/6)
Star Offshore Services 50 (26/6)
Swan Hunter 1 (30/6)
3M UK 43pcPf. 44 (26/6)
Webber Electro Comps. 105
Weetabix A (non-Vtg.) 78 9 (29/6)
Welsh Inds. Inv. Tst 201 (29/6)
Wessex Water Authority 5pc 82/7 £51½ 2½ (1/7). Do. 5¼pc 82/7 £51½ 2½ (1/7)

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

American Oil Field Systems 98 100
Aran Energy (Ir£0.20) 72
Atlantic Resources (IR£0.25) 190
Berkeley Exploration Production 360 2 3 5 7 8
Candecca Resources 202 3 4 5 6
Eglinton Oil Gas (IR£0.20) 105 14 5 25 35
Energy Sources (N. Ireland) B 22½ 3½ (30/6)
Marinex Petroleum 132½ 5 6
Steaua Romana (British) 66 (26/6)
Sun Oil (UK) 310 (30/6)

(By permission of the Stock Exchange Council)

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

The Treasury bill rate rose by 0.1059 per cent at yesterday's tender to 11.9839 per cent and the minimum accepted bid fell to £96.99 from £97.03. Bids at that level were met as to about 10 per cent and above in full. The £100m of bills on offer attracted bids of £239.245m and all bills offered were allotted. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

Day-to-day credit was eventually in reasonable supply in the London money market and the authorities drained funds by selling a small amount of Treasury bills direct to discount houses. The market was faced with a moderate increase in the note circulation but this was offset by a moderate amount of Treasury bills maturing outside official hands. Discount houses were paying up to 11¾ per cent for secured call loans at the start with later balances taken in the region of 9½ per cent. In the interbank market weekend loans opened at 11½-11¾ per cent and rose on the forecast of a moderate shortage to 11¾-11⅞ per cent. Rates came back to 11½-11¾ per cent at noon and as a surplus developed fell away to 3-5 per cent.

EXCHANGES AND BULLION

Trading was quiet in currency markets yesterday with U.S. participation restricted by Independence Day. The dollar remained steady, underpinned by high interest rates while sterling recovered as a result of profit taking and squaring of oversold positions. Sterling's trade weighted index rose to 92.5 from 92.1, having stood at 92.5 at noon and 92.2 in the morning. Against the dollar it opened around the day's low of $1.8825 and touched a best level of $1.9000 during the afternoon before closing at $1.8930-1.8940, a rise of 95 points from Thursday's close in London. Against the D-mark it finished at DM 4.5725 compared with DM 4.5475 and rose to SwFr 3.9275 from SwFr 3.9025.

The dollar finished at DM 2.4140 against the D-mark, hardly changed from Thursday's figure of DM 2.4125. It rose slightly against the Swiss franc to SwFr 2.0730 from SwFr 2.0712½ and finished higher against the yen at Y228.35 from Y226.75. It was unchanged against the French franc at FFr 5.7325. On Bank of England figures, the dollar's index rose to 109.8 from 109.4.

Gold fell just $¼ an ounce in the bullion market in extremely quiet trading to finish at $413-415, showing a fall on the week of $30.

THE POUND SPOT AND FORWARD

July 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8825-1.9300	1.8930-1.8940	1.20-1.30c dis	−7.92	2.55-2.65dis	−5.43
Canada	2.2650-2.2810	2.2750-2.2760	1.45-1.55c dis	−7.91	3.60-3.75dis	−6.46
Nethlnd.	5.05-5.10	5.07¾-5.08¾	¼c pm-¼ dis	0.29	1¼-½ pm	0.79
Belgium	74.40-75.10	74.20-74.50	30-40c dis	−5.61	95-105 dis	−5.34
Denmark	14.25-14.36	14.34½-14.35½	5¾-6¾ore dis	−5.23	16¼-17¼ dis	−4.74
Ireland	1.2465-1.2575	1.2525-1.2540	0.25-0.37p dis	−2.97	0.76-0.99dis	−2.79
W. Ger.	4.54-4.58	4.56¾-4.57¾	¼pf pm-¼ dis	—	¼ pm-par	0.22
Portugal	120.55-121.25	120.75-120.95	75-145c dis	−10.92	195-325 dis	−8.11
Spain	182.00-183.60	182.80-183.00	115-145c dis	−8.53	285-340 dis	−6.83
Italy	2263-2282	2277-2279	25-28 lire dis	−14.22	73-76 dis	−13.08
Norway	11.40½-11.49	11.45½-11.46½	¼ore pm-1½ dis	−0.52	2½-1 pm	0.63
France	10.80½-10.87½	10.84½-10.85½	8½-9½c dis	−9.95	22½-24 dis	−8.57
Sweden	9.65-9.73	9.71½-9.72½	2½-3½ore dis	−3.70	5½-6½ dis	−2.62
Japan	427-434	432-433	2.60-2.50y pm	7.07	6.17-6.07 pm	5.66
Austria	31.90-32.35	32.20-32.25	par-5gro dis	−0.93	2 pm-8 dis	−0.37
Switz.	3.90-3.94	3.92¾-3.93¾	1¼-¾c pm	3.05	3-2½ pm	2.80

Belgian rate is for convertible francs. Financial franc 76.00-76.10. Six-month forward dollar 4.20-4.30c dis. 12-month 5.70-5.90c dis.

GOLD

	July 3		July 2	
Gold Bullion (fine ounce)				
Close	$413-415	(£218-219½)	$413-416	(£219-220½)
Opening	$413-415	(£218¾-220¼)	$408-411	(£215¼-216¾)
Morning fixing	$413.75	(£218.165)	$410	(£217.046)
Afternoon fixing	$414	(£217.952)	$414.50	(£218.848)
Gold Coins				
Krugerrand	$426-427	(£225-225½)	$427-428	(£226½-227)
1/2 Krugerrand	$219¼-220¼	(£116-116½)	$220-221	(£116¾-117¼)
1/4 Krugerrand	$112-113	(£59¼-59¾)	$112-113	(£59½-60)
1/10 Krugerrand	$45¾-46¾	(£24¼-24¾)	$45¾-46¾	(£24¼-24¾)
Mapleleaf	$415½-418½	(£219½-221)	$416-419	(£220¾-222¼)
New Sovereigns	$103¾-104½	(£54¾-55¼)	$103¾-104½	(£55-55½)
King Sovereigns	$110-112	(£58-59)	$110-112	(£58¼-59¼)
Victoria Sovs.	$110-112	(£58-59)	$110-112	(£58¼-59¼)
French 20s	$108-114	(£57-60¼)	$109-115	(£57¾-61)
50 pesos Mexico	$509-516	(£269-272½)	$513-517	(£272¼-274½)
100 Cor. Austria	$398-406	(£210¼-214½)	$401-407	(£212¾-216)
$20 Eagles	$545-550	(£288-290½)	$544½-549½	(£289-291½)

EXCHANGE CROSS RATES

July 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.894	4.573	432.5	10.85	3.928	5.083	2278.	2.276	74.85
U.S. Dollar	0.528	1.	2.415	228.4	5.730	2.074	2.684	1203.	1.202	39.53
Deutschemark	0.219	0.414	1.	94.59	2.373	0.859	1.112	498.2	0.498	16.37
Japanese Yen 1,000	2.312	4.378	10.57	1000.	25.09	9.081	11.75	5267.	5.261	173.1
French Franc 10	0.922	1.745	4.214	398.6	10.	3.620	4.684	2100.	2.097	68.99
Swiss Franc	0.255	0.482	1.164	110.1	2.763	1.	1.294	580.0	0.578	19.06
Dutch Guilder	0.197	0.373	0.900	85.10	2.135	0.773	1.	448.2	0.448	14.73
Italian Lira 1,000	0.439	0.831	2.007	189.9	4.763	1.724	2.231	1000.	0.999	32.86
Canadian Dollar	0.439	0.832	2.009	190.1	4.768	1.726	2.234	998.0	1.	32.89
Belgian Franc 100	1.336	2.530	6.109	577.8	14.50	5.247	6.790	3043.	3.040	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11½-11¾	19-19½	19-20	11⅝-11⅞	5¾-6¼	11¾-11⅞	19-23	18-22	13-15	6-6½
7 days' notice	11⅝-11⅞	19-19½	19-20	11⅝-11¾	6-6½	11⅞-12	19-23	24-27½	14-16	6½-6¾
Month	11¾-12	19⅛-19⅝	19⅛-19¾	11¼-11⅝	9⅛-9⅝	12⅛-12⅜	20-22	25¼-26¼	18½-19	6¾-7
Three months	12⅛-12⅜	18⅛-18⅜	19⅛-19½	11⅞-12	9⅜-9⅝	12⅛-12½	20-21⅛	25¾-26¼	17¾-18¼	7⅛-7⅜
Six months	13⅛-13⅜	17¾-18	18⅛-18⅜	11⅞-12	9⅞-10	12⅜-12½	19¼-20¼	25¼-26¼	17⅜-17⅞	7¾-8
One Year	13⅝-13⅞	16⅞-17⅛	17½-17⅞	11⅞-12	9⅛-9⅜	12⅜-12½	18¼-19½	24½-25½	16-16½	8⅛-8⅜

SDR linked deposits: one-month 16⅛-16⅞ per cent; three-months 15⅛-15⅜ per cent; six-months 15⅛-15½ per cent; one-year 14⅞-14⅞ per cent.

ECU linked deposits: one-month 15¼-15⅝ per cent; three-months 15⅜-15¾ per cent; six-months 15⅜-15⅞ per cent; one-year 14⅞-15⅛ per cent.

Asian $ (closing rates in Singapore): one-month 20-20¼ per cent; three-months 18⅛-18½ per cent; six-months 18-18¼ per cent; one-year 16⅞-17⅛ per cent. Long-term Eurodollar two-years 16⅛-16⅝ per cent; three-years 16-16½ per cent; four-years 15⅞-16⅛ per cent; five-years 15¾-16⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.40-18.50 per cent; three-months 17.70-17.80 per cent; six-months 17.05-17.15 per cent; one-year 16.30-16.50 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 3)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/16	offer 18 7/16	bid 17 7/8	offer 18

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 3 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-11⅞	11¼-11⅝	—	—	8-11¾	9-11⅝	—	—	—
2 days notice	—	—	11½-11¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-11¾	11⅝-11⅞	—	12	11¼-12	11⅛-11¼	—	—	—
One month	12-11⅞	11⅞-12	12	12⅞-12⅝	12¼	12⅛-12⅝	11⅛	11⅛	11⅛	12¼
Two months	12⅛-12⅛	12⅜-12⅛	—	13-12⅝	12⅜	12⅝	11¾	11⅜	11⅞-11⅞	12⅛
Three months	12⅛-12⅛	12⅛-12¼	12⅝	13-12⅝	13	12¾-12⅞	12	12⅛	12⅛-12⅛	12⅛
Six months	12⅛-12⅛	13-13⅛	12⅞	12⅞-12⅝	13¼	13⅛	—	—	12⅛-12⅛	12⅛
Nine months	13⅛-13	13⅛-13⅜	—	13½-13¼	13½	13⅝	—	—	—	—
One year	13⅛-13⅛	13¼-13½	13¼	13⅝-13¼	13⅝	13¾	—	—	—	—
Two years	—	—	13⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 13¾ per cent; four-years 14 per cent; five-years 14¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅛-12⅜ per cent; four-months trade bills 12⅞ per cent.

Approximate selling rate for one-month Treasury bills 11⅝ per cent; two-months 11⅞ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-months 11¾-11⅞ per cent; three-months 12⅛-12⅜ per cent; one-month trade bills 12 per cent; two-months 12¼ per cent and three-months 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.9839 per cent.

CURRENCY MOVEMENTS

July 3	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.5	−31.7
U.S. dollar	109.9	+3.2
Canadian dollar	88.2	−17.1
Austrian schilling	111.1	+21.7
Belgian franc	105.0	+8.9
Danish kroner	85.8	−11.3
Deutsche mark	116.4	+38.4
Swiss franc	136.6	+83.8
Guilder	108.1	+14.3
French franc	82.7	−11.5
Lira	57.3	−55.8
Yen	141.6	+36.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3282	+1.30	+1.35	±1.5361
Danish Krone	7.91917	7.91058	−0.11	−0.06	±1.6473
German D-Mark	2.54502	2.52199	−0.90	−0.85	±1.1386
French Franc	5.99526	5.98750	−0.13	−0.08	±1.3638
Dutch Guilder	2.81318	2.80395	−0.33	−0.28	±1.5159
Irish Punt	0.685145	0.691819	+0.97	+1.02	±1.6688
Italian Lira	1262.92	1256.29	−0.52	−0.52	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

July 3	£	$		£ Note Rates
Argentina Peso	8621-8641†	4550-4560†	Austria	32.00-32.30
Australia Dollar	1.6485-1.6505	0.8730-0.8735	Belgium	77.50-78.50
Brazil Cruzeiro	172.27-173.27	90.95-91.40	Denmark	14.25-14.40
Finland Markka	8.521-8.530	4.4960-4.4980	France	10.79-10.89
Greek Drachma	108.802-111.996	58.80-59.00	Germany	4.55½-4.59½
Hong Kong Dollar	10.58½-10.60½	5.5890-5.5920	Italy	2210-2260
Iran Rial	153.75*	80.20*	Japan	431-437
Kuwait Dinar (KD)	0.530-0.536	0.2826-0.2830	Netherlands	5.06½-5.09½
Luxembourg Frc.	74.80-74.90	39.51-39.53	Norway	11.40-11.52
Malaysia Dollar	4.4295-4.4395	2.3385-2.3405	Portugal	118-122
New Zealand Dlr.	2.2320-2.2370	1.1835-1.1845	Spain	176¼-183¼
Saudi Arab. Riyal	6.40-6.46	3.4125-3.4175	Sweden	9.64-9.74
Singapore Dollar	4.0710-4.0810	2.1490-2.1510	Switzerland	3.91-3.95
Sth African Rand	1.6975-1.6985	0.8965-0.8970	United States	1.88¾-1.90¼
U.A.E. Dirham	6.90-6.96	3.6700-3.6740	Yugoslavia	67-80

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 12,165-12,185 and for the dollar 6,400-6,450. *Selling rate.

U.K. CONVERTIBLE STOCKS 4/7/81

Statistics provided by *dataSTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates♣	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.71	313.00	333.3	80-97	3.9	1.0	−0.1	−4 to 1	18.8	87.8	22.0	+22.2
Hanson Trust 6½pc Cv. 88-93	3.02	162.00	57.1	76-82	4.1		−3.2	−7 to −0	3.6	3.2	−0.3	+3.0
Slough Estates 10pc Cv. 87-90	5.31	260.00	187.5	78-85	3.8		−5.0	−5 to 1	29.4	28.1	−0.5	+4.5
Slough Estates 8pc Cv. 91-94	24.88	122.00	78.0	80-91	6.6	5.1	7.1	7 to 19	29.0	45.3	14.3	+7.1

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ♣ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Selective support for leading equities in quiet trade
Speculative buying of Insurances—Gilts down late

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Stock markets ended the week quietly, but featured by selective buying of the equity leaders and a late mark-down in previously firm long-dated Gilt-edged. The latter was in reaction to the 3.30 pm announcement of the market's second index-linked issue.

Comment on the group's results and prospects led to marked firmness in GEC, while Press mention pointing out the benefits of a weaker pound brought in buyers for Glaxo. Between them, these two FT 30-share constituents accounted for the bulk of the index rise of 2.1 to 548.0. Yesterday's close was much in line with closing values of the previous six weeks.

Bid and merger talk continued to inspire speculative activity in Insurances which made further good progress. Banks, while closing below the best, also ended higher although business was much quieter than earlier in the week.

British Funds again traded at a disappointingly low level although quotations hardened in sympathy with sterling's steadier tendency yesterday. After the official close, however, quotations of long-dated stocks were lowered by around ½ virtually across the board in response to the 3.30 pm announcement of a further £1bn issue of index-linked stock. The issue, restricted to eligible holders, is of Treasury 2 per cent 2006, ten years longer than the initial issue of index-linked stock, which is to be issued by tender with payments spread over a couple of months. Treasury 2 per cent 1996 was lowered to 96¼, a full point lower than the price ruling immediately before the announcement. Short-dated stocks, on the other hand, held on to previous gains which ranged to ¼ and sometimes a little more.

London Traded Options attracted 1,629 contracts yesterday which comprised 1,416 calls and 213 puts. Still reflecting bid speculation, Commercial Union attracted another good interest with 644 calls arranged.

First-time official dealings in Norsk Data, the high-flying Norwegian mini-computer supplier, saw the price touch £37 before closing at £36.

Insurances active

Active and firm conditions prevailed in Composite Insurances as further talk of a pending dawn raid on Commercial Union continued to generate excitement and speculative interest. CU moved up 7 more for a two-day jump of 15 at 177p, after 178p, while Sun Alliance rose 13 at 929p. Eagle Star advanced 9 afresh to 326p, while similar improvements were seen in General Accident and GRE at the common level of 344p. Phoenix put on 6 to 294p as did Royals, to 392p. Life issues also came in for some good support with Hambro Life, 404p, and Pearl, 426p, closing 10 and 12 higher respectively. Elsewhere, Minet gained 4 to 137p on the trebled first-quarter profits. C. E. Heath added 7 to 287p and Willis Faber improved a like amount to 365p.

After an early brief speculative flurry on revived U.S. bid hopes, interest in the major clearing banks waned considerably and closing levels were below the day's best. NatWest ended 5 better at 400p, after 402p, while Barclays firmed 2 to 440p as did Lloyds, to 400p. The planned redundancies left Midland unaltered at 330p. In Merchant Banks, Schroders rose 13 more to 435p on demand in a thin market.

Breweries took a distinct turn for the worse, sentiment being unsettled by fears of an intensification in the current price-cutting war and by the slump in beer production figures. Bass weakened 9 to 29p and Whitbread "A" 7 to 169p, while Scottish and Newcastle fell 2½ more to 62p following comment on the preliminary figures. Burtonwood continued to reflect satisfaction with the annual results and put on 6 further to 343p.

Press mention touched off interest in Ibstock Johnsen, up 4 at 74p, after 76p, but little else worthy of note developed among Building descriptions.

Revived bid speculation triggered an advance of 16 to 152p in Stewart Plastics, while International Paint gained 7 more to 160p, the latter still benefiting from publicity given to its high growth rating.

Sumrie fall

Sumrie Clothes became an isolated dull feature in quiet Stores, falling 6 to 52p on the announcement that Mr H. M. Ross has reduced his stake in the group from 24.7 per cent to just under 20 per cent. Court Bros. "A," on the other hand, continued firmly at 90p, up 4, while Comet Radiovision Services revived with a similar rise at 133p.

GEC opened higher at 760p following favourable comment on the preliminary results and moved ahead further to 768p before settling at 760p for a rise of 17 on the day. Other leading Electricals, however, trended easier, falls of a few pence being marked against Plessey, 335p, Racal, 420p. Revived demand prompted a gain of 5 to 132p in AB Electronic, while Kode ended similarly dearer at 325p. First Castle, on the other hand, weakened 4 more to 110p and Pifco were also dull at 195p, down 5.

Engineerings passed an uneventful session. Among the occasional movements, Edbro encountered speculative demand and put on 8 to 57p. Still reflecting the poor interim results, Birmingham Pallet fell 5 for a two-day loss of 13 to 53p. Occasional support lifted Northern Engineering 2 to 81p and Staveley 3 to 266p. Stone-Platt, in contrast, came on offer at 14p, down 2.

Renewed investment demand after recent easiness on profit-taking took Avana up 5 to 293p. Also firm in Foods were Associated Dairies, 200p, and A. G. Barr, 236p, with gains of 4; the latter's interim figures are due soon. George Bassett welcomed the return to profitability with a rise of 6 to a year's peak of 70p. Nurdin and Peacock, 5 dearer at 143p, and Lennon, 3 higher at 56p, also attained 1981 highs.

The proposed increase in the betting levy weighed on Ladbroke, down 4 at 161p, and Grand Metropolitan, another 2 easier at 214p.

Glaxo jump

Glaxo featured the miscellaneous industrial leaders, rising 18 to a 1981 peak of 388p in response to Press comment. Still reflecting investment support, BOC International hardened 2 more making an advance on the week of 11 to 133p, while Reckitt and Colman appreciated 4 at 264p and Pilkington 5 to 327p. Elsewhere, De La Rue jumped 28 to 740p on investment demand and BTR added 6 to 342p for a similar reason. Revived speculative buying lifted Davies and Newman 7 to 132p. European Ferries rallied 4½ to 85p. Centreway gained 8 to 133p and Trielus improved 4 to 66p. Ropner A reacted after recent strength and closed a couple of pence off at 195p ahead of Monday's preliminary results. Eastern Produce, also reporting annual figures on Monday, softened a penny to 73p. Smiths Industries gave up 9 to 386p on profit-taking and Aeronautical and General dipped 10 to 410p.

Old Swan Hotel (Harrogate) closed a shade off at 69p; the price in yesterday's issue was incorrect.

Motor Components presented only two notable changes, Dowty reacting 5 to 293p and Dunlop improving a couple of pence to 84p. Dealings in York Trailer were suspended at 14p following the approach to the Canadian parent.

Disappointment with News International's increased bid terms brought William Collins A back 7 to 160p.

Properties continued this week's re-rating process. Berkeley-Hambro stood out with a jump of 16 to 286p. Federated Land rose 7 to 133p on talk of a broker's recommendation, and Haslemere Estates moved up 8 to 416p. Land Securities, 414p, and MEPC, 247p, rose 4 apiece. Town and City gained 2¾ to 30p on the reduced loss and most optimistic statement since the group's troubles began. Property Holding were quoted ex-rights to the 5½ per cent Convertible 2001/6 which opened at £5 premium and closed at £7½ premium. Elsewhere, W. Goodkind improved 3 to 47p following the increased profits, while Far-Eastern advices lifted Selangor 28 to 308p.

Oils subdued

BP new nil paid shares met fresh offerings and weakened 6 more to 36p premium with the HMG a similar amount lower at 20p premium. Subdued conditions persisted elsewhere in the Oil sector. Suspended earlier in the day at 134p, down 1, dealings resumed in Burmah at that level following news that the company's claim against the Bank of England had been rejected in the High Court. Comment on the preliminary results caused dullness in NCC which touched 120p before settling 4 down on balance at 124p. Eglinton, a good market of late, reacted 28 to 110p.

Among Financials, Aitken Hume encountered buyers and put on 6 to 253p, while Mercantile House improved 7 for a week's rise of 80 to 855p awaiting Monday's preliminary statement.

Still reflecting the extra duty on cigarettes, Tobaccos opened lower but rallied to close with small mixed movements.

Quiet Mines

Mining shares were mostly quiet, with gold shares providing most of the interest. South African and London buying lifted many of the leading issues, and the Gold Mines index gained 11 to 290.8. The bullion price closed at $414, down 50 cents.

Heavyweights led the way in South African Golds.

South African Financials were mostly firmer in line with the Golds apart from Amgold, which lost ½ to £40⅞. Gold Fields of South Africa gained ¾ to £38, Johnnies closed ½ firmer at £33½. Gencor put on 30 to 885p and UC Investments 25 to 525p.

FINANCIAL TIMES STOCK INDICES

	July 3	July 2	July 1	June 30	June 29	June 26	A year ago
Government Secs.	65.51	65.51	65.51	66.04	66.16	66.80	69.97
Fixed Interest	67.36	67.46	67.56	67.77	67.75	67.61	71.17
Industrial Ord.	548.0	545.9	548.7	544.8	543.9	540.9	483.8
Gold Mines	290.8	279.8	274.8	266.7	262.6	287.2	360.6
Ord. Div. Yield	5.83	5.82	5.81	5.85	5.87	5.89	7.50
Earnings, Yld. % (full)	11.71	11.61	11.59	11.67	11.70	11.75	17.98
P/E Ratio (net) (*)	10.64	10.75	10.77	10.69	10.67	10.62	6.76
Total bargains	17,778	17,665	19,546	18,839	20,163	21,965	26,151
Equity turnover £m.	—	111.14	104.43	115.45	116.38	144.94	171.09
Equity bargains	—	156.54	16,029	17,652	17,115	19,295	19,724

10 am 545.1. 11 am 546.3. Noon 548.8. 1 pm 546.8. 2 pm 546.6. 3 pm 546.3.

Latest Index 01-248 8026.

*Nil=9.85.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35 Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	67.17 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 2	July 1
—Daily		
Gilt Edged Bargains	143.3	163.5
Equities Bargains	101.4	103.9
Value	224.6	211.1
5-day Avrge.		
Gilt Edged Bargains	146.1	144.8
Equities Bargains	111.1	114.1
Value	239.0	249.2

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	71	2	21	170	196	105
Corpns. Dom. and Foreign Bonds	8	4	57	39	49	257
Industrials	207	203	958	1,217	1,012	4,611
Financial and Props.	134	51	310	755	308	1,412
Oils	17	36	38	135	111	209
Plantations	3	4	16	8	18	89
Mines	69	20	78	301	171	365
Others	35	84	71	283	275	380
Totals	544	404	1,549	2,908	2,140	7,428

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (85)

BRITISH FUNDS (1)
AMERICANS (2)
CANADIANS (3)
BANKS (3)
BEERS (4)
CHEMICALS (4)
ELECTRICALS (3)
ENGINEERING (2)
FOODS (6)
INDUSTRIALS (10)
INSURANCE (8)
MOTORS (1)
PAPER (2)
PROPERTY (2)
SOUTH AFRICANS (1)
TEXTILES (5)
TRUSTS (19)
OIL AND GAS (1)
OVERSEAS TRADERS (1)
TEAS (1)
MINES (6)

NEW LOWS (9)

CANADIANS (1)
Hawker Siddeley Canada
BEERS (1)
Tomatin
BUILDINGS (1)
Brown and Jackson
ELECTRICALS (2)
Scholes (G. H.) Highland Elec.
ENGINEERING (1)
Stone-Platt
NEWSPAPERS (1)
Assoc. Newspapers
OIL AND GAS (1)
Tri Basin Resources
MINES (1)
Sabina Inds.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

No.	Group	Fri., July 3, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs. July 2 Index No.	Wed. July 1 Index No.	Tues. June 30 Index No.	Mon. June 29 Index No.	Year ago (approx.) Index No.	1981 High	1981 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	359.31	+0.5	10.37	4.36	11.88	357.45	357.26	353.98	353.03	262.23	364.69 (24/4)	272.28 (15/1)	364.69 (24/4/81)	50.71 (13/12/74)
2	Building Materials (25)	309.02	+0.5	13.16	5.63	9.23	307.46	306.07	304.02	303.21	257.15	334.34 (1/5)	236.82 (13/1)	334.34 (1/5/81)	44.27 (11/12/74)
3	Contracting, Construction (28)	563.85	—	16.83	5.02	6.91	564.08	562.95	558.05	552.21	377.90	610.27 (30/4)	403.39 (8/1)	610.27 (30/4/81)	71.43 (2/12/74)
4	Electricals (29)	1175.46	+1.1	7.84	2.34	15.59	1162.66	1163.79	1148.00	1145.47	726.17	1175.46 (3/7)	888.13 (15/1)	1175.46 (3/7/81)	84.71 (25/6/62)
5	Engineering Contractors (11)	505.95	+0.5	11.78	5.33	10.23	503.52	496.02	491.10	485.52	310.34	512.20 (30/4)	374.44 (20/1)	512.20 (30/4/81)	64.39 (2/1/75)
6	Mechanical Engineering (69)	215.41	−0.2	12.66	5.54	9.89	215.89	216.64	215.41	215.07	173.74	230.26 (24/4)	162.47 (15/1)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	152.45	−0.9	10.72	7.79	12.32	153.81	154.72	154.09	154.18	167.94	182.17 (1/5)	127.24 (14/1)	192.29 (4/5/79)	45.65 (6/1/75)
9	Motors (21)	103.94	+0.6	3.62	6.72	124.35	103.33	102.84	103.06	103.24	100.46	112.76 (1/5)	84.67 (23/1)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (18)	387.81	+0.7	9.46	5.16	12.71	385.24	383.58	380.47	379.92	0.00	394.56 (24/4)	277.55 (15/1)	394.56 (24/4/81)	277.55 (15/1/81)
21	CONSUMER GROUP (195)	284.46	+0.1	12.54	5.61	9.73	284.19	285.44	284.00	282.83	235.85	294.75 (30/4)	227.50 (14/1)	294.75 (30/4/81)	61.41 (13/12/74)
22	Brewers and Distillers (20)	316.09	−1.5	14.50	6.09	8.20	321.06	323.20	323.50	320.88	301.76	325.16 (16/6)	244.42 (13/1)	325.16 (16/6/81)	69.47 (13/12/74)
25	Food Manufacturing (21)	265.99	+0.7	14.66	6.22	8.21	264.27	264.11	263.05	261.74	214.15	269.21 (1/5)	204.17 (14/1)	269.21 (1/5/81)	59.67 (11/12/74)
26	Food Retailing (14)	545.13	+1.0	9.10	3.26	13.07	539.68	542.94	535.83	530.92	331.86	556.21 (1/5)	440.89 (11/3)	556.21 (1/5/81)	54.25 (11/12/74)
27	Health and Household Products (7)	346.59	+1.5	7.99	4.22	14.91	341.54	341.05	338.26	336.67	235.18	346.59 (3/7)	245.38 (14/1)	346.59 (3/7/81)	175.38 (28/5/80)
29	Leisure (22)	430.52	−0.2	11.56	4.90	10.50	431.52	436.83	437.78	433.75	342.09	448.77 (1/5)	327.38 (16/1)	448.77 (1/5/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	502.50	−1.0	12.39	5.96	11.48	507.38	504.68	507.42	505.30	455.08	526.15 (11/5)	419.04 (15/1)	526.15 (11/5/81)	55.08 (6/1/75)
33	Packaging and Paper (13)	149.74	—	14.03	7.12	8.47	149.80	149.63	148.31	145.87	134.18	161.79 (1/5)	108.85 (14/1)	161.79 (1/5/81)	43.46 (6/1/75)
34	Stores (44)	259.11	+0.1	11.11	5.10	11.79	258.75	261.08	258.61	259.29	223.28	294.06 (30/4)	238.15 (15/1)	294.06 (30/4/81)	52.63 (6/1/75)
35	Textiles (23)	163.63	+0.8	7.63	5.60	18.51	162.39	162.61	162.14	162.50	139.13	172.84 (30/4)	122.37 (19/1)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	268.26	+0.1	21.56	9.25	5.32	267.96	267.10	266.32	266.43	232.14	268.26 (3/7)	193.57 (19/1)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (16)	301.33	−0.7	6.09	6.31	28.93	303.34	305.03	304.08	302.47	0.00	311.40 (1/5)	231.28 (4/2)	311.40 (1/5/81)	231.28 (4/2/81)
41	OTHER GROUPS (79)	230.25	+0.6	12.96	6.57	9.41	228.90	228.71	228.69	228.11	225.70	249.19 (30/4)	203.40 (13/3)	249.19 (30/4/81)	58.63 (6/1/75)
42	Chemicals (15)	285.39	+0.7	11.41	7.27	10.95	283.31	282.99	282.40	281.89	323.39	320.04 (30/4)	235.35 (13/3)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (6)	117.08	−0.3	15.76	7.15	7.49	117.40	117.49	117.48	115.93	112.52	129.79 (22/4)	93.19 (14/1)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (13)	555.32	+1.3	15.39	6.84	7.66	548.19	546.95	544.67	541.67	571.14	644.76 (24/4)	518.82 (15/1)	644.76 (24/4/81)	90.80 (29/6/62)
46	Miscellaneous (45)	300.32	+0.4	13.09	5.55	9.34	299.15	299.04	300.12	300.25	271.16	308.77 (1/5)	249.71 (19/1)	308.77 (1/5/81)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (488)	302.34	+0.3	11.77	5.26	10.40	301.38	301.95	300.14	299.13	246.76	312.53 (30/4)	241.24 (15/1)	312.53 (30/4/81)	59.01 (13/12/74)
51	Oils (12)	708.27	−1.2	23.71	8.09	4.67	716.72	713.90	711.72	715.30	823.35	923.71 (2/1)	699.28 (23/6)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	335.26	+0.1	13.76	5.73	8.64	335.05	335.34	333.50	332.85	292.31	352.08 (1/5)	290.43 (14/1)	352.08 (1/5/81)	63.49 (13/12/74)
61	FINANCIAL GROUP (118)	271.08	+1.2	—	5.39	—	267.99	267.30	267.63	263.97	224.59	271.08 (3/7)	227.09 (19/1)	271.08 (3/7/81)	55.88 (13/12/74)
62	Banks (6)	276.84	+0.6	33.12	6.55	3.52	275.08	276.47	276.46	269.91	233.04	276.84 (3/7)	220.84 (11/3)	288.32 (20/7/72)	62.44 (12/12/74)
63	Discount Houses (10)	284.78	—	—	7.92	—	284.78	281.22	280.46	279.15	263.26	314.03 (20/3)	273.13 (12/6)	314.03 (20/3/81)	81.40 (10/12/74)
64	Hire Purchase (3)	259.72	+0.2	11.79	7.00	11.74	259.17	259.50	259.17	257.14	226.22	274.53 (25/3)	194.82 (8/1)	433.74 (4/5/72)	33.83 (11/12/74)
65	Insurance (Life) (10)	273.18	+1.5	—	5.54	—	269.23	267.73	268.80	265.42	220.09	274.72 (2/4)	222.74 (7/1)	274.72 (2/4/81)	44.83 (2/1/75)
66	Insurance (Composite) (9)	179.40	+2.5	—	7.10	—	175.11	172.04	174.17	171.84	153.17	179.40 (3/7)	142.06 (19/1)	183.32 (18/9/80)	43.96 (13/12/74)
67	Insurance Brokers (8)	408.57	+0.4	10.92	5.68	12.42	406.80	400.72	398.63	390.25	334.63	409.64 (4/6)	294.21 (20/1)	409.64 (4/6/81)	65.86 (16/12/74)
68	Merchant Banks (13)	179.27	—	—	4.71	—	179.36	179.00	177.36	175.28	132.85	179.36 (2/7)	143.07 (20/1)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (49)	492.89	+1.0	3.58	2.80	38.83	487.86	491.02	489.35	485.83	414.23	517.77 (2/4)	435.73 (16/1)	517.77 (2/4/81)	56.01 (20/4/65)
70	Miscellaneous (10)	179.21	+0.4	17.76	5.78	6.84	178.41	177.93	177.58	177.03	137.25	182.36 (16/6)	165.30 (19/1)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	316.73	+0.1	—	4.97	—	316.29	316.80	317.03	314.52	251.73	318.10 (24/4)	271.01 (23/1)	318.10 (24/4/81)	71.63 (13/12/74)
81	Mining Finance (3)	246.52	−1.1	14.21	5.54	8.26	249.21	248.53	245.58	247.07	245.63	270.39 (19/5)	200.76 (6/2)	277.15 (30/10/80)	66.31 (30/9/74)
91	Overseas Traders (20)	450.89	+0.1	11.36	6.61	10.96	450.39	453.57	453.92	449.57	398.65	488.51 (18/5)	420.28 (14/1)	488.51 (18/5/81)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	322.49	+0.2	—	5.63	—	321.72	321.83	320.57	319.14	278.10	332.77 (1/5)	278.20 (14/1)	332.77 (1/5/81)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri. July 3	Day's change %	Thurs. July 2	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	108.08	+0.29	107.77	—	5.18
2	5-15 years	105.10	+0.20	104.89	—	6.38
3	Over 15 years	106.59	+0.14	106.44	—	7.78
4	Irredeemables	117.63	−0.27	117.95	—	7.43
5	All Stocks	106.27	+0.20	106.06	—	6.39
6	Debentures & Loans	83.46	+0.21	83.29	—	5.43
7	Preference	63.49	—	63.49	—	3.69

	AVERAGE GROSS REDEMPTION YIELDS		Fri. July 3	Thurs. July 2	Year ago (approx.)	1981 Highs	1981 Lows
	British Government						
1	Low Coupons	5 years	12.37	12.44	11.64	12.53 (5/6)	11.20 (20/3)
2		15 years	12.96	12.95	11.61	13.15 (5/6)	11.86 (20/3)
3		25 years	13.15	13.14	11.61	13.27 (5/6)	11.88 (6/1)
4	Medium Coupons	5 years	14.27	14.34	13.06	14.66 (8/6)	12.91 (20/3)
5		15 years	14.89	14.90	13.21	14.99 (5/6)	13.32 (20/3)
6		25 years	14.47	14.48	13.20	14.58 (5/6)	13.03 (20/3)
7	High Coupons	5 years	14.37	14.42	13.14	14.67 (8/6)	12.93 (20/3)
8		15 years	15.07	15.07	13.55	15.19 (5/6)	13.54 (20/3)
9		25 years	14.68	14.68	13.55	14.73 (5/6)	13.15 (20/3)
10	Irredeemables†		12.53	12.48	11.22	12.59 (5/6)	11.35 (20/3)
11	Debs & Loans	5 years	15.38	15.45	13.96	15.45 (2/7)	13.80 (27/3)
12		15 years	15.44	15.48	13.96	15.48 (2/7)	14.16 (27/3)
13		25 years	15.49	15.50	13.96	15.50 (2/7)	14.25 (27/3)
14	Preference†		15.65	15.65	14.97	15.74 (8/6)	14.29 (27/3)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Miscellaneous Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26½p.

RECLASSIFICATIONS: Forward Technology Industries has moved from Miscellaneous Industrials to Electricals. Duport has moved from Mechanical Engineering to Miscellaneous Industrials. CONSTITUENT CHANGE: Richards and Wallington Industries has been deleted and replaced by Lovell Y. J. (Hldgs.) (Contracting, Construction). NAME CHANGE: Associated Engineering has changed its name to A.E.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 91.3 91.4 14.77
Valued weekly Wednesday.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East July 2 HK$29.15 31.30 —
Japan Fund July 3 US$11.36 12.18 +0.48 —

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	272.0	286.3xd	.....	3.81

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund May 31		150.70	.....	6.76
Wider Fund May 31		274.60	.....	4.92
Narrower Fd. May 31		75.50	.....	13.50

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	76.8	82.2	−0.9	2.08
(Accum. Units)	82.5	88.3	−0.9	2.08
American Recovery	89.5	95.8	−0.6	1.37
(Accum. Units)	92.5	99.0	−0.5	1.37
Australasian	118.6	126.9	+0.3	0.77
(Accum. Units)	124.1	132.8	+0.2	0.77
Commodity	147.8	158.1	+0.2	2.78
(Accum. Units)	173.7	185.9	+0.2	2.78
Compound Growth	194.8	214.7	.....	2.87
Conversion Growth	133.2	142.5	+1.0	2.03
Conversion Income	78.6	84.1	+0.2	8.90
Dividend	133.0	143.0xd	.....	9.09
(Accum. Units)	304.4	327.2	+0.1	9.09
European	60.7	65.3xd	+0.3	3.36
(Accum. Units)	67.6	72.7	+0.3	3.36
Extra Yield	86.8	94.6	.....	9.37
(Accum. Units)	141.1	153.8	.....	9.37
Far Eastern	152.2	162.8	+1.7	0.97
(Accum. Units)	174.0	186.2	+2.0	0.97
Fund of Inv. Tsts.	102.1	108.7xd	+0.1	4.25
(Accum. Units)	138.0	148.4	+0.2	4.25
General	242.0	260.2xd	−0.5	5.71
(Accum. Units)	427.4	459.5	−0.8	5.71
Gilt Income	44.1	46.3	−0.4	11.50
(Accum. Units)	45.7	48.0	−0.4	11.50
High Income	115.0	123.0xd	+0.1	8.46
(Accum. Units)	237.2	253.8	+0.4	8.46
Japan	206.0	220.4	+1.2	0.58
(Accum. Units)	216.6	231.8	+1.2	0.58
Magnum	329.5	281.1	+0.8	5.09
(Accum. Units)	497.2	527.0	+1.1	5.09
Midland	170.8	182.8	−0.4	8.64
(Accum. Units)	337.5	361.1	−0.7	8.64
Recovery	133.6	142.9xd	−0.1	4.26
(Accum. Units)	151.7	162.3	−0.1	4.26
Second General	271.2	291.5xd	−0.4	4.72
(Accum. Units)	459.8	494.3	−0.4	4.72
Smaller Companies	287.5	307.6	+0.1	3.72
(Accum. Units)	394.1	421.7	+0.1	3.72
Specialised Funds				
Trustee	180.6	193.2	+0.1	z6.48
(Accum. Units)	413.3	442.2	+0.2	6.48
Charibond June 30		94.0	.....	13.83
Charifund June 30	169.2	171.8	.....	8.41
Pension Ex. June 29	184.4	194.5	.....	6.07

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Gilt&Fxd Int.	49.0	50.0	.....	5.58
Growth Units	86.4	90.9	+1.0	4.37

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income June 22	117.3	123.4	.....	8.27
General June 22	76.0	80.0	.....	4.75
Intnl. June 22	64.4	67.7	.....	2.58

McAnally Fund Management Ltd.
Regis Hse., King William St., EC4. 01-623 4951

Delphi Inc. Tst. Acc.	35.6	39.5	.....	8.55
Delphi Inc. Tst. Inc.	25.6	28.4xd	.....	8.55

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Gen. Dist. July 1	84.8	90.2	.....	3.79
Gen. Acc. July 1	122.5	130.3	.....	3.79
Inc. Fund Rec. July 3	50.8	54.0	−0.2	7.66
Int. Dist. July 1	108.4	115.3xd	.....	2.36
Int. Acc. July 1	125.8	133.8	.....	2.36
Ext. Dist. July 1	91.4	95.2	.....	3.67
Ext. Acc. July 1	122.7	127.8	.....	3.67
Gilt Fund July 3	50.8	51.3	+0.3	—

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	115.8	126.5	+0.6	2.72
Acc. Uts.	147.2	160.7	+0.6	2.72
Overseas Growth	53.6	58.0xd	.....	1.60
Do. Accum.	61.1	66.1	−0.1	1.60
Capital	33.7	36.4xd	+0.1	3.04
Do. Accum.	40.7	44.0	+0.1	3.04
Income	63.4	68.5	.....	6.79

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	188.5	202.6xd	+0.9	2.43
(Accum. Units)	244.0	262.3	+1.2	2.43
Income Fnd.	232.0	249.4xd	+0.1	7.70
(Accum. Units)	410.2	441.0	+0.2	7.70
Gen.	138.7	149.1xd	+0.5	3.56
(Accum. Units)	190.6	204.9	+0.5	3.56
Europe	22.4	24.0	+0.3	2.46
(Accum. Units)	24.7	26.7	+0.4	2.46
Smaller Co.'s	157.6	169.4xd	−0.4	2.47
American	57.5	61.8	−1.0	1.08
(Accum. Units)	57.5	61.8	−1.0	1.08
Tokyo	62.0	66.6	+1.6	0.19
(Accum. Units)	62.0	66.6	+1.6	0.19
Gilt & Fixed	45.6	48.2	+0.4	11.62
(Accum. Units)	45.8	48.2	+0.4	11.62
Australian	57.3	62.2	+0.3	1.76
(Accum. Units)	57.3	62.2	+0.3	1.76
*Ph.&C. Fd. June 23	250.1	263.2	.....	5.05
*Recovery June 23	317.0	333.6	.....	3.80
*Spec. Ex. June 23	503.5	529.9	.....	1.89
*Euro. Except July 2	111.1	116.9	.....	1.82

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	105.6	114.0	+0.2	5.47

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	67.4	71.7	.....	4.91
Accum. Units	87.1	92.7	.....	4.91

Dealing day Wednesday.

For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management.

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	.....	11.25
SIMCO 7-Day Fund†	100.0	—	.....	11.32

†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Income Units	106.0	112.9	.....	1.89
Accum. Units	115.4	123.0	.....	—
Withdrawal Units	86.6	92.3	.....	—
*Stewart British Capital Fund				
Standard	204.6	217.8	.....	6.30
Accum. Units	239.5	255.1	.....	6.30

Dealing †Tues. & Fri. *Wed.

Sun Alliance Insurance Group,
Sun Alliance Hse., Horsham. 0403 64141

Ex. Eq. June 10	£347.40	365.70	.....	4.36
♥The Family Fd.	144.9	154.1	+0.6	4.14

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
9-12 Cheapside, London, EC2V 6AL. 01-236 3841

Equity Dist.*	£110.00	£116.40xd	.....	5.47
Equity Acc.*	£114.00	£120.63xd	.....	5.47
Fixed Int. Dist.†	£93.98	97.38	.....	13.79
Fixed Int. Acc.†	£95.34	98.80	.....	13.79

*Prices at June 10. Next dealing July 8.
†Prices at July 1. Next dealing Aug. 5.

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

Commodity	77.3	83.1	+0.1	2.28
Energy	52.0	55.9xd	−0.1	2.51
Financial	110.3	118.6	.....	3.54
Gilt Capital	130.4	136.5xd	+0.6	3.25
Gilt Income	86.7	90.8	+0.5	12.61
Investment Trust	54.3	58.4	.....	3.52
Special Situations	38.0	40.9	−0.1	2.50
American Eagle	46.2	49.7xd	.....	0.96
Malaysia & Sngpre.	24.9	26.8	+0.4	1.58
Pacific Income	51.1	54.9	+0.6	1.25
Pacific Re Inv	59.3	63.8	+0.8	1.25
Income	29.6	31.8xd	.....	8.45
Extra Income	56.5	60.8	+0.2	10.63
Preference Share	11.7	12.7xd	.....	13.41
Equity	53.1	57.1xd	−0.1	4.96
Income and Growth	63.1	68.0xd	−0.4	2.94
Growth	42.8	46.0	.....	3.23
Professional July 1	235.3	254.4	.....	4.00
Eqty. Ex. Inc. July 1	307.5	332.4	.....	5.05
Eqty. Ex. Acc. July 1	488.9	528.5	.....	5.05
Cariol H.Y. July 1	37.9	41.0	.....	9.23
Cariol Acc. July 1	58.7	63.5	.....	9.23

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX. 01-628 2612.

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£26.73	—	+0.01	—
Property Units	£14.46	—	.....	—
Equity Bond/Exec	£17.81	18.85	+0.01	—
Prop. Bond/Exec	£18.94	20.06	.....	—
Bal. Bd./Exec/Unit	£17.81	18.85	−0.03	—
Deposit Bond	141.7	149.9	.....	—
Equity Accum.		329.5	+0.2	—
Property Accum.		£20.21	.....	—
Mngd. Accum.		247.7	−0.4	—
2nd Equity	140.9	149.1	+0.1	—
2nd Property	146.9	155.4	.....	—
2nd Managed	131.8	139.5	−0.2	—
2nd Deposit	123.9	131.1	.....	—
2nd Gilt	99.2	105.0	−0.6	—
2nd. American	141.0	149.2	−1.0	—
2nd Intl. Money	113.6	120.4	+1	—
2nd Eq. Pens./Acc.	174.1	184.2	+0.1	—
2nd Prp. Pens/Acc	170.8	180.7	.....	—
2nd Mgd. Pens/Acc	153.5	162.2	−0.2	—
2nd Dep. Pens/Acc	146.2	154.7	.....	—
2nd Gilt Pens/Acc	117.2	124.0	−0.8	—
2nd Am. Pens/Acc	167.8	177.6	−1.2	—
2ndIntl.MoneyPens/Acc	121.8	128.9	+1.7	—
L & E S.I.F.	54.5	58.0	.....	—
L & E S.I.F. 2	37.5	40.0	.....	—

Current value July 2

Capital Life Assurance♥
Coniston House, Chapel Ash W'ton. 0902 28511

Key Invest. Fd.		115.55xc	.....	—
Pacemaker Inv. Fd.		85.49	.....	—

Charterhouse Magna Gp.♥
Stephenson Hse., Brunel Centre, Bletchley, Milton Keynes. 0908 641272

Chrthse Energy		62.4	.....	—
Magna Bld. Soc.		170.7	.....	—
Magna Managed		160.3	.....	—

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Managed Growth	218.65	230.16	−0.80	—
Managed Income	89.58	94.30	−0.18	—
International (z)	149.12	156.97	−0.30	—
High Income	91.42	96.24	+0.38	—
Income & Growth	92.78	97.67	.....	—
Basic Resources	171.60	180.64	−1.32	—
American (z)	153.50	161.58	−1.68	—
Far Eastern (z)	186.41	196.22	−0.36	—
Cash	117.24	123.42	.....	—

City of Westminster Assurance
Ashton House, 499, Silbury Boulevard, Milton Keynes, MK9 2LA. 0908-606101

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	243.4	255.6	+3.8	—
Property Series A	149.5	157.4	+2.0	—
Managed Units	216.9	228.3	.....	—
Managed Series A	126.7	133.4	.....	—
Managed Series C	111.2	117.1	.....	—
Money Units	153.2	161.3	.....	—
Money Series A	122.3	128.7	.....	—
Fixed Int. Fund	113.0	119.0	−0.5	—
Equity Fund	124.2	130.8	+1.4	—
Pns. Managed Cap.	183.8	193.5	.....	—
Pns. Managed Acc.	215.7	227.1	.....	—
Pns. G'teed. Cap.	135.7	142.9	.....	—
Pns. G'teed. Acc.	159.4	167.8	.....	—
Pens. Equity Cap.	143.5	151.1	.....	—
Pens. Equity Acc.	160.4	168.8	.....	—
Pns. Fxd. Int. Cap.	114.8	120.9	.....	—
Pns. Fxd. Int. Acc.	128.4	135.2	.....	—
Pens. Prop. Cap.	119.8	126.1	.....	—
Pens. Prop. Acc.	133.8	140.9	.....	—
Indexed Secs. Cap.	95.5	100.5	.....	—
Indexed Secs. Acc.	95.8	100.8	.....	—
British Fund	103.0	108.5	+1.6	—
Capital Fund	105.8	111.4	+0.8	—
Dollar Fund	113.8	119.8	−1.0	—
Far East Fund	136.8	144.0	+0.3	—
Financial Fund	105.2	110.8	+1.1	—
High Yield Fund	107.4	113.1	+0.4	—
Income Fund	103.2	108.7	+0.2	—
International Fund	114.7	120.8	−0.4	—
Security Fund	102.7	108.2	+1.1	—
Spec. Sits. Fund	108.3	114.0	+1.1	—

Imperial Life Ass. Co. of Canada
Imperial House, Guildford. 71255

Growth Fd. July 3	108.5	117.9	+0.7	—
Pen. Man. Fd. July 3	99.5	108.1	+0.3	—
Unit Linked Portfolio				
Managed Fund	123.1	129.6	+0.4	—
Fixed Int. Fd.	112.7	118.6	−0.7	—
Secure Cap. Fd.	121.0	127.4	+0.2	—
Equity Fund	142.1	149.6	+2.5	—
Property Fund	99.5	104.8	+0.1	—

Irish Life Assurance Co. Ltd.
Bowldon House, 7/12 Moorgate, EC2. 01-606 8401

Blue Chip June 18	90.6	95.4xd	.....	—
Managed Fund	278.2	292.8	.....	—
Mangd. Fd. Ser. II	111.6	117.5	.....	—
Prop. Mod. June 1	238.2	250.7xd	.....	—
Prop. Mod. Gth. June 1	288.5	303.6	.....	—
Prp. Mod. Grth. Ser. II	135.1	142.2	.....	—
Exempt. Man. Fd.	153.2	161.3	.....	—
High Income Fund	309.8	326.1	.....	—
Global Fund	100.9	106.2	.....	—

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	44	+1	Conv. 9% '80/82	£92	−⅛
Bertam	13	......	Nat. 9¾% 84/89	£70¼	+½
Bdg'wtr. Est. 50p	480	+10	Fin. 13% 97/02	£81	+⅜
Craig & Rose £1	£12½	......	Alliance Gas	72	......
Finlay Pkg. 5p	22	......	Arnott	235	......
Graig Ship. £1	£21½	+1½	Carroll (P.J.)	85xd	......
Higsons Brew.	70	......	Concrete Prods.	93	+3
Holt (Jos) 25p	480	......	Helton (Hldgs.)	30	......
I.O.M. Stm. £1	157	......	Ins. Corp.	400	......
Pearce (C. H.)	870	......	Irish Ropes	42½	......
Peel Hldgs.	100	......	Jacob	99	......
Sheff. Refrshmt.	97	......	T.M.G.	19	......
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 22

FINANCIAL TIMES
Saturday July 4 1981

MAN OF THE WEEK

Ireland's pedigree Premier

BY STEWART DALBY

BEFORE DR Garrett FitzGerald, the new Irish Prime Minister, became a politician, he had at least three other carers and flourished in all of them. He was a college lecturer in economics. He was an executive with Aer Lingus, the national airline. He set himself up as a journalist and wrote with distinction for, among other newspapers, the Financial Times. Originally, he qualified as a barrister, and is the author of three books.

Now 55, he came to politics comparatively late, and only became a deputy (MP) in 1969. His greatest success in politics was his stint as Foreign Minister in the 1973-77 coalition. The Lome Convention was signed during his Presidency of the EEC Council. In those years, he seemed to be everywhere; flying o ffto Cyprus to try to sort out the problems there; meeting President Sadat of Egypt to discuss the Middle East. In the eyes of many of his countrymen who have achieved an international diplomatic reputation.

Yet, for all his many and varied achievements, the most prominent image of him which persists is of an immensely likeable but sometimes bumbling chatterbox.

The stories of his rapid-fire

Dr Garret FitzGerald
Affable, but is he tough enough?

speech and almost mind-boggling grasp of statistics are legion. Many of the tales are probably apocryphal, but it is said that he talked so fast that even the expert copytakers in the Dail cannot keep up with him. On one occasion, he was reputed to be rattling on in his fluent French at such a rate that former President Giscard d'Estaing of France had to ask him to slow down.

He comes across as one of the most affable men in Irish politics, and most Irish politicians are affable. The Irish newspapers seem forever to be running stories about how he always cooks his own breakfast.

It is this very cosiness which has aroused feelings that, while no one doubts his intellectual range, possibly he is not a very practical organiser and also does not have the political steel necessary to push through the hard decisions about the economy and Northern Ireland that now face his Government.

Fears about his organisational ability have partly been allayed by his election triumph. His Fine Gael party increased its seats by 20 to 65, the largest number it has ever held. This has been attributed to Dr FitzGerald's tireless efforts, since he became party leader in 1977, in rebuilding the party at constituency level. He has surprised everyone with the toughness he has shown over the composition of his Cabinet. He has completely ignored two big guns of the last coalition Government, Mr Ritchie Ryan and Mr Richard Burke. He has appointed his friend and so-called mentor, Prof Jim Dooge, as Foreign Minister, even though Mr Dooge does not hold a seat in the Senate, let alone the Dail.

Whether this is a portent of a firmness and determination that are to come should soon become clear. Urgent and unpopular decisions are needed on the economy, even if Dr FitzGerald only has a slender parliamentary majority.

Perhaps even more pressing is Northern Ireland. The new round of hunger strikers could start dying in time with the marching season, which starts on July 12. Mr Humphrey Atkins's new plans effectively put the Anglo-Irish initiative in limbo.

Dr FitzGerald has a better political pedigree, for Northern Ireland Protestants, than his predecessor. His mother comes from Ulster. His father, Desmond, was a member of the first Fine Gael Government, which accepted the treaty partitioning Ireland. Dr FitzGerald himself has talked about a confederal Ireland.

LARGE STATE SUBSIDY PROMISED

Mitterrand plans rescue of Boussac textile group

BY TERRY DODSWORTH IN PARIS

THE NEW French Government decided yesterday to mount a rescue operation for Boussac-Saint-Freres, the ailing textile group which has presented the Socialist Administration of President Francois Mitterrand with its first large-scale industrial problem.

In an agreement worked out with the support of the Boussac trade unions, the Government has pledged to get the factories back to full time work. It will also take steps to ensure that supplies of raw materials continue to be delivered to Boussac which was put into the hands of a receiver last month.

These arrangements imply substantial subsidies from the state.

Boussac is unable to meet all its financial commitments, and needs external funds in the order of FFr 350m (£32m) a month to continue.

According to the unions representing Boussac's 20,000 workers after yesterday's meeting with M Jean Auroux, the Minister of Labour, the immediate activities of the company will be assured by mobilising funds from the rest of the Agache Willet group to which Boussac belongs.

M Jean-Pierre Brule, president of Cii Honeywell Bull, France's main computer company has been voted out of office, the company said yesterday. He is to be replaced by M Maxime Bonnet, Cii's director general.

M Brule's resignation had been called for by Cii's parent company, the Saint Gobain industrial group, after a series of disagreements between the two concerns.

But the Government has promised later to inject state money to keep the company afloat.

Over the longer term, the Ministry of Labour is bringing together an inter-ministerial team to draw up a permanent solution to Boussac's problems. The aim will be to redevelop the company within the context of a plan to put the country's textile industry on a new and firmer footing.

This approach to the industry reflects the Socialist Party's election commitments to defend France's failing traditional industries which have been hit hard in the last two years. Boussac-Saint-Freres, taken over by the Agache Willet organisation three years ago, has been one of the main victims of this trend.

The Ministry of Labour stressed in a statement yesterday that it will make sure that the rescue measures do not harm the rest of the Agache group which employs another 15,000 people.

Although the receiver and the unions have insisted that the whole of the Agache group's assets should be looked at in helping Boussac, the Ministry is anxious to avoid creating problems for those activities that are still healthy. These include the Conforama furniture chain, the Bon Marche stores group, and the Dior fashion business—all of them successful enterprises in their own fields.

M Jean-Pierre Willot, head of the Au Bon Marche department store company which belongs to the Agache group, has tendered his resignation. He is the second of the four Willot brothers who control the Agache empire to resign this week.

French gross domestic product declines by 1% in first quarter

BY ROBERT MAUTHNER IN PARIS

THE FRENCH economy took a sharp turn for the worse in the first quarter of this year.

Economic growth, measured by gross domestic product, declined by 1 per cent in the first three months of 1981, compared with 0.3 per cent during the final quarter of 1980.

Industrial production plummeted by 2.7 per cent over the same period and 4.9 per cent on a year-on-year basis, according to the latest figures issued by the National Institute of Statistics (INSEE).

In the car industry and semi-manufactures, the fall in production over the 12 months between the first quarters of 1980 and 1981 reached 9.3 and 11.6 per cent respectively.

Most other indicators give a similar picture. Household consumption, which fell by 0.1 per cent during the first quarter, continues to stagnate, while household investments dropped by 0.3 per cent.

A particularly sharp drop of 3.1 per cent was registered in total industrial investment, masking an even steeper decline of 6.6 per cent in purchases of capital goods. The deterioration in the investment climate is all the more significant given last year's relatively good performance in this field.

INSEE says the reduction of stocks from FFr 6.9bn in the third quarter of 1980 to only FFr 600m in the first quarter of 1981 was mainly responsible for the general decline in economic activity.

Exports have risen slightly by 0.7 per cent during the first quarter of this year, with the agricultural sector showing particular dynamism. But merchandise imports have declined by 3.1 per cent, capital goods imports have decreased by 6.5 per cent and imports of energy products have dropped by 6.6 per cent.

The slack economic climate has done little to dampen inflation. While consumer prices rose by only 2.3 per cent during the first quarter, wholesale industrial prices increased by 3.3 per cent, compared with 2.3 per cent during the previous quarter.

Home sales threat withdrawn

BY ANDREW TAYLOR

THE THREAT of government intervention on council house sales has been withdrawn from five local authorities which had been warned for making slow progress under the "right to buy" legislation. But the possibility of intervention still hangs over the London borough of Greenwich.

Mr John Stanley, Housing Minister, said yesterday that a decision on the future of council house sales in Greenwich could be expected shortly. It is understood that the Government will seek further talks with the Labour-controlled borough before deciding whether to intervene.

Greenwich was one of seven local authorities warned earlier this year about slow progress in selling council homes. The other six were Barking and Dagenham, Camden, Newham, Sheffield, Stoke-on-Trent and Wolverhampton.

Camden's name was removed from the list several months ago. Mr Michael Heseltine, Environment Secretary, has decided not to intervene on sales involving five of the other councils but still has to determine the fate of Greenwich.

Mr Stanley said in an answer to a parliamentary question that the five had given further information about measures they were taking to make sure that tenants were able to exercise their right to buy "effectively and expeditiously." The councils had agreed timetables for processing right-to-buy applications.

The Government has since threatened a further 12 local authorities with a government takeover of council house sales. The case of Greenwich is most immediate because the council received its first warning at the beginning of March.

Greenwich originally said it would not comply with the right-to-buy legislation, introduced last October. But at the beginning of this year the council reversed this decision on legal advice.

Miss Aleyne Friesner, chairman of Greenwich council's housing committee, said yesterday she was surprised by the Government's decision. "I do not believe that this council has made any slower progress under the circumstances than any of the five other councils which have now been let off the hook.

"We have cut our housing staff by 10 per cent in the past 12 months in order to comply with government spending restraints and this has made life difficult. Nevertheless, we have done our best since January to comply with the right-to-buy legislation, even drafting in trainee administrative staff to help with the work of processing applications."

Continued from Page 1

Unemployment

just to balance at a 2.3m unemployment level.

This new estimate, accompanying the up-rating order for the benefit levels to come into effect in November, will not mean a further rise in contribution rates in the current financial year.

Such an action would be administratively impossible. The accumulated balance of previous fund surpluses stood at £4.63bn at the end of 1979-80, and the estimated surplus for 1980-81, given in the current report, is £631m, so that the fund has a positive balance of around £5.2bn.

These figures make a further increase in contribution rates inevitable for 1982-83, though the Government Actuary has made no attempt in his report even to indicate the likely effect.

But it would appear that as each one percentage point combined contribution rate produces about £1bn, a rise of up to ½ per cent split between employees and employers is on the cards for next year at current unemployment levels.

Norvic

Continued from Page 1

at "break-even," and was forecasting a return to profit.

The team of receivers and managers from Cork Gully held meetings on Thursday and yesterday with the group's union officials and workforce to explain the situation. Mr Jordan said that he regretted taking "these urgent and harsh steps," but that they were necessary to bring the group's workforce into line with production.

The reundant workers would receive an advance from the Receiver for their annual holiday, due at the end of this month.

"There is a great deal of shock," Mr Jordan said. "These people's world has collapsed around them and they need all the help we can give them."

The receivers hope to prepare for prospective purchasers a "sales pack" covering Norvic's properties and stocks of ½m shoes. This should be ready by the middle of next week, when advertisements will be placed in the national Press.

Continued from Page 1

Gulf

plant — benzene goes into making products from detergents to insecticides—and a 110,000 cyclohexane plant. Cyclohexane is used as a solvent and in the production of nylon.

Gulf's expansion at Rotterdam, announced last December, was to have included a 300,000 tonnes a year styrene plant, an alpha olefins plant and an associated synthetic lubricant plant.

Ray Dafter writes: Nypro UK is making two-thirds of the 380 workforce redundant at its Flixborough chemical plant, near Scunthorpe.

The remaining staff will be told during the next five months whether the plant is to be shut.

The Flixborough complex was reopened only two years ago after an explosion in 1974 killed 28 people and wrecked production facilities. The plant was rebuilt at a cost of more than £35m.

But Nypro—jointly owned by the National Coal Board and Dutch State Mines—has been hit by the severe recession in the textiles industry. The Flixborough plant can produce 65,000 tonnes a year of caprolactam—the raw material used to make nylon yarn.

$5.3bn gold reserves revealed by China

By Tony Walker in Peking and David Marsh in London

CHINA yesterday lifted the veil from one of the world's most elusive financial secrets by announcing that it owns 12.8m ozs (nearly 400 tonnes) of gold reserves, worth about $5.3bn at present prices.

The total, higher than many western experts had thought, was announced by the People's Bank of China along with a welter of other previously unpublished monetary statistics.

This included a figure for foreign exchange reserves—$2.2bn—in line with Western estimates.

The bullion figures confirm that China—reckoned to be the world's fourth or fifth largest gold producer is one of the biggest monetary holders of the metal outside the main industrialised countries.

Its gold reserves are slightly more than those of South Africa, the world's largest producer, but only just over half of Britain's. The UK is ninth in the world league of gold-holders.

The People's Bank said it was releasing the information "in accordance with the needs of socialist modernisation programmes and economic exchanges with foreign countries."

China has been under pressure from the International Monetary Fund and the World Bank, both of which it recently joined, to make public more information about its financial circumstances.

Western observers in Peking said that given China's quite substantial gold reserves it was surprising that the Chinese should be nervous about proceeding with large industrial projects. Several were stopped early this year.

China's foreign debt is estimated at between $3.5bn and $4bn.

China appears to have been building up its gold reserves during recent years. The Bank of China, the country's trading bank, is a regular dealer on the international bullion market. But China's last large publicised gold sales were at the end of 1976, when it badly needed foreign exchange after the disastrous Tangshan earthquake.

For the first time, China also gave money supply figures. According to the People's Bank, money in circulation at the end of 1980 amounted to about $19.5bn. This differs from a figure given privately to the Japanese early this year of $21.7bn.

China, in the face of inflationary pressures, has instituted measures to mop up surplus cash, such as issuing bonds.

Weather

UK TODAY

DRY AND bright with risk of rain later in north and east. Brighter later in south and west.

London, SE England, Midlands, SW England, Wales, NW England, W Scotland, N Ireland

Occasional rain, becoming drier with sunny intervals. Max. 19C (66F).

E England, E Scotland, NW Scotland, Highlands, Orkney, Shetland

Mainly dry, becoming cloudy with rain or drizzle. Rather cool. Max. 17C (63F).

Outlook: Changeable. Sunny intervals. Rain.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	London	R	15	59
Algiers	S	27	81	L. Ang.†	F	18	64
Amsdm.	F	17	63	Luxmbg.	R	14	57
Athens	S	31	88	Luxor	S	39	102
Bahrain	S	38	100	Madrid	F	21	70
Barclna.	F	25	77	Majorca	S	30	86
Beirut	S	31	88	Malaga	S	28	82
Belfast	S	16	61	Malta	S	31	88
Belgrd.	S	30	86	M'chstr.	F	15	59
Berlin	C	23	73	Melbne.	C	11	52
Biarritz	F	18	64	Mx. C.†		—	—
Bmghm.	T	12	54	Miami†	C	27	84
Blackpl.	F	14	57	Milan	C	23	73
Bordx.	C	19	66	Montrl.†	S	23	73
Boulgn.	F	14	57	Moscow	C	22	72
Bristol	F	16	61	Munich	R	22	72
Brussels	C	15	59	Nairobi	F	21	70
Budpst.	F	27	81	Naples	S	32	90
Cairo	F	32	90	Nassau		—	—
Cardiff	F	16	61	Nwcstl.	F	16	61
Cas'b'ca	S	22	72	N. York†	C	22	72
Cape T.	S	18	64	Nice	S	24	75
Chicg.†	F	19	66	Nicosia	S	30	86
Cologne	C	18	64	Oporto	C	18	64
Cpnhgn.	R	15	59	Oslo	F	17	63
Corfu	S	31	88	Paris	C	19	66
Denver†	F	16	61	Perth	S	16	61
Dublin	C	16	61	Prague	F	26	79
Dbrvnk.	F	29	84	Reykjvk.	F	12	54
Ednbgh.	F	17	63	Rhodes	S	30	86
Faro	S	22	72	Rio J'o		—	—
Florence	C	27	81	Rome	F	27	81
Frankft.	R	18	64	S F'cisc†	C	12	54
Funchal	C	21	70	S. Moritz		—	—
Geneva	R	14	57	Singapr.		—	—
Gibraltar	S	23	73	S'tiago†		—	—
Glasgow	C	15	59	Stckhm.	F	20	68
G'msey	S	15	59	Strasbg.	R	18	64
Helsinki	S	19	66	Tangier	S	22	72
H. Kong	C	28	82	Tel Aviv	S	28	82
Innsbrk.	F	26	79	Tenerife	S	25	77
Invrnss.	F	15	59	Tokyo	C	19	66
I.o Man	S	15	59	T'ronto†	S	19	66
Istanbul	F	26	79	Tunis	S	28	82
Jersey	S	17	63	Valencia	S	28	82
Jo'burg		—	—	Venice	F	26	79
L. Plms.	F	23	73	Vienna	F	28	82
Lisbon	S	23	73	Warsaw	S	25	77
Locarno	R	19	66	Zurich	R	16	61

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures

THE LEX COLUMN

Success breeds successors

The first index-linked stock in the gilt-edged market, Treasury 2 per cent 1996, was pronounced a success by the borrower; this partial accolade has been followed by the issue of another £1bn of stock with the same coupon and a rather more daring maturity, 2006. In fact the 1996 stock has been no more than modestly successful — it has traded thinly, on wide spreads, at an ever deepening discount, and has moved slavishly in line with conventional stocks. But that should make the new issue even more welcome. Only when a number of stocks are available will a secondary market in index-linked paper develop in any depth.

One great advantage of this issue — which must have commended it to the otherwise unenthusiastic Bank of England—is that it should be far easier to sell than a conventional stock in a market that remains decidedly sorry for itself. Now that the Grand Old Duke of York has been court-martialled, it is useful to have an instrument that can be placed almost regardless of the outlook for interest rates.

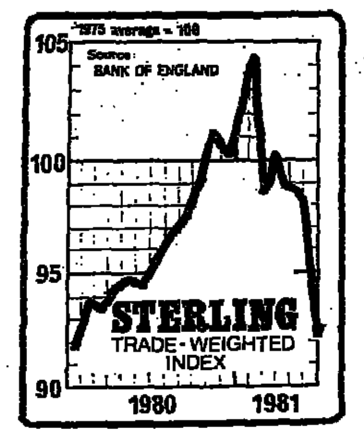
As with the first issue, only pension funds are eligible to subscribe. The longer maturity should make the new stock very much to their liking, but the 1996 stock is now offering a 2½ per cent real return and the general expectation last night was that the longer issue would require a discount of five points or so to par.

It is typical of the present state of the gilt-edged market that although the issue was widely expected, prices should have fallen throughout the list yesterday afternoon. The existing index-linked stock was marked down by 1½ points. It is true that the pension funds will have to find £300m next week for the downpayment on the new stock, but in a month in which £1.3bn of gross gilt-edged dividends fall due that should not really make them forced sellers of other long-dated issues.

Still, the market goes on behaving as though it were overbought—no one seems to have any money (or be willing to admit to a broker that he has), and the technical sogginess which was originally blamed on the orgy of official sales just after the Budget has now been going on for three months. Either the Government Broker has been fiendishly clever in selling unofficial tap stocks, or a lot of investors have decided that they want to run smaller portfolios of gilt-edged. Index-linked stocks are much more like investments in property or equities than conventional bonds, but most institutions bought their share of the 1996 issue with money earmarked for gilt-edged rather than diverting funds from other parts of their portfolio.

Of course the gilt-edged market has plenty to worry about, not least the persistent weakness of sterling. But the yield level — up to 15¼ per cent — should be enough to make up for most of the problems, and the worldwide outlook for fixed-interest markets is by no means all bad. Some sort of a breaking point must be getting close in the U.S. money markets, and the slide in dollar commodity prices—typified by a $30 fall in gold last week—is music to a bond investor's ears.

Index rose 2.1 to 548.0



Burmah

Yesterday's judgment on Burmah Oil's action against the Bank of England is a devastating indictment of the Burmah board's actions in the period up to and during the crisis at the end of 1974. Right until the very last moment, "no great sense of urgency appears to have animated the Burmah representatives." The fact that Burmah did not have as much time as it might have to prepare for the final sale of its BP stake was due to "its board's own crass folly."

News that the company had by the end of September substantially breached the trust deeds of its loan stocks did not reach the board until December 17. The "astonishing feature" of the earlier renegotiation of Burmah's big eurocurrency loan was that well before it was finally completed Burmah's financial ratios were perilously close to the upper limits laid down in the revised agreement.

The Judge expressed great feelings of sympathy for the unfortunate shareholders, and said that they had every right to feel deeply aggrieved. His final words will no doubt be studied with special care by the Burmah shareholders' action group. "There may very well be targets against whom the shareholders should direct their wrath," he said. "The Bank is not one of them."

Town & City

A hint from Town and City Properties that its long string of losses may be nearing an end was enough to lift the shares 2½p to 30p yesterday giving a capitalisation of £77m. The company has reduced its losses from £14.4m to £11.0m in the year to March, despite a slightly higher interest charge and the outlook for rent increases provides some evidence that the trend will continue.

But the company remains at the mercy of interest rates and its assumption that base rates will hold steady or move downwards is by no means cast-iron. Net debt has been reduced by 7.7 per cent to £173.5m, where it represents a mere 2.8 times reported net worth compared with 3.8 times in 1977 but interest charges are still by far the largest element in the revenue account.

Even if the group returns to profit in 1983, a worthwhile dividend to ordinary shareholders is unlikely to be forthcoming immediately. The first payment on T & C's preference stock is due next year, at an annual cost of £1.8m. It would therefore seem reasonable for T & C to revalue its properties and give some indication of true asset value. It is now selling property at an average premium of 40 per cent to book worth, compared with an average 10 per cent over the past seven years, so the exercise should not prove too embarrassing.

Nomenclature

New markets quickly establish traditions, and on the Unlisted Securities Market the rule is that a name is worth three profits forecasts. No one feels uneasy, after all, about paying 27 times earnings for Zygal Dynamics, so Cooper Merseyside, a Birkenhead engineering outfit coming for a quote on a p/e of 14, is doing everyone a favour by changing its name to Aerospace Engineering.

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